



FINANCIAL TIMES

Weekend May 16/17 1992

EUROPE'S BUSINESS NEWSPAPER

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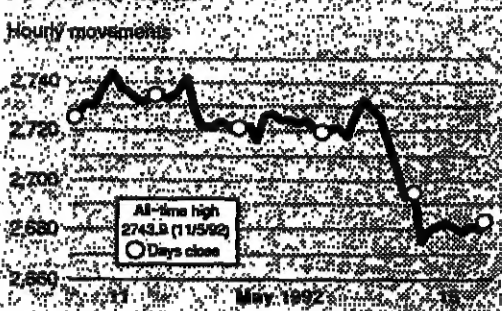
Talks on S Africa political reform reach deadlock

South Africa's constitutional talks reached deadlock, dashing hopes for the early installation of a multiracial interim government and raising fears of renewed political violence.

A day of acrimonious negotiations at the Convention for a Democratic South Africa (Codesa) between the government and the African National Congress divided over fundamental constitutional issues, but reluctant to end talks which begin again today. Page 24

Hope of new German pay offer Germany's engineering employers hinted at an improved pay offer and new talks with the engineering workers were agreed for today. Page 2

FT-SE 100 Index



UK equities fall Olympia & York's decision to file for protective bankruptcy added to the mood of uncertainty on the London Stock Exchange and caused a further bout of selling pressure. The FT-SE 100 share index ended a difficult session a net 12.1 lower at 2,682.6. Over the week the Footsie fell 43.1. Page 15; Lex, Page 24

Securities houses in the red Most of Japan's 14 leading securities houses reported after-tax losses for the year ended March 1992. Falling stock prices were cited. Page 12

Inflation rate rises Britain's annual rate of inflation rose to 4.3 per cent last month, reversing a downward trend which began in January. Page 24 and Lex, Details, Page 4; Currencies, Page 12

Bid for NY Daily News Daily Telegraph group chairman Conrad Black is expected to bid about \$75m (\$42m) for the New York Daily News next week. Page 10

LA policeman faces retrial Officer Laurence Powell, one of the four policemen cleared in the Rodney King beating case, is to be retried on a charge that he used excessive force "under color of authority", a judge ruled in Los Angeles.

Unilever Anglo-Dutch consumer products group, set market expectations with a 5 per cent increase in first-quarter profits to \$277m. Page 10; Lex, Page 24

Indian markets closed India's stock markets were closed to prevent a further collapse in prices after police seized assets belonging to a broker under investigation for alleged securities fraud. Page 3

Greene King, south of England's largest regional brewer, launched a \$101.3m (\$179m) hostile takeover bid for rival group Morland. Page 10; Lex, Page 24

Russian price checks lifted Russia liberalised internal oil and gas prices in a move that will hit faltering state-owned enterprises and outlying republics hardest. Page 2

Alexander's, New York department store chain, closed down. Page 12

SA Brewing, Australian drinks and manufacturing group, proposed an A\$5.7bn (US\$4.3bn) merger with Foster's Brewing. Page 12

Prado to lose masterpieces Spanish 20th-century masterpieces, including Picasso's Guernica, are being moved out of the Prado museum in Madrid. Page 2

Azerbaijan parliament seized Nationalists seized Azerbaijan's parliament after fierce fighting and declared the opposition Popular Front in control of the former Soviet republic.

Maxwell pensions campaign Six senior Tory MPs are pressing banks and other financial institutions which dealt with Robert Maxwell to ensure all Maxwell pensioners go on receiving pensions. Page 4

STOCK MARKET INDICES		STERLING	
FT-SE 100	2,682.6 (-12.1)	New York Composite	1,619.96
Yield	4.54	London	1,619.96
FT-SE Europe 100	1,777.24 (-8.74)	S	1,619.96 (1,622)
FT-A All Share	1,383.73 (-0.46)	DM	2,337.5 (same)
Nikkei	19,074.27 (-730.33)	FFr	2,582.5 (9.87)
New York Composite	1,619.96 (-1.21)	Sfr	2,707.5 (2,692.5)
Dow Jones Ind Ave	3,557.67 (-11.21)	Y	237.9 (237.5)
S&P Composite	471.39 (-7.58)	£ index	92.5 (92.9)
US LUNDMARKET RATES		DOLLAR	
Federal Funds	3.1/4%	New York Composite	1,619.96
3-mo Treas Bill	3.542%	DM	1,619.96
Long Bond	10.2%	FFr	2,582.5
Yield	7.812%	Sfr	2,707.5
LONDON MONEY		Y	130.2
3-mo Interbank	10.1/2% (10%)	£ index	92.5
Libor long term	10.1/2% (Jan 92)	DM	1,619.96
NORTH SEA OIL (Argus)		FFr	2,582.5
Brent 15-day July	\$18.575 (same)	Sfr	2,707.5
Oil		Y	130.2
New York Crude	\$28.1 (338)	£ index	92.5
London	\$28.4 (337)	DM	1,619.96

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Thatcher attacks pace of European integration

By Ronald van de Krol in The Hague and Philip Stephens in London

MRS Margaret Thatcher launched a fierce attack on the European Community's federalist ambitions yesterday, calling for the creation of a looser confederation that would return power to individual nation-states.

In a wide-ranging speech to an international economic forum,

the former UK prime minister avoided directly challenging her successor, Mr John Major, who has pledged to keep Britain at the heart of Europe.

But, speaking just days before an expected rebellion by anti-federalist Conservative MPs against the prime minister's signature of the Maastricht treaty, she did little to disguise her anger at the pace of European integration.

She accused the EC of rushing

towards a federalist structure before the EC was enlarged to include eastern Europe. "It hopes to construct a centralised super-state in advance - and irrevocably - so that the new members will have to apply for entry on federalist terms."

She warned that a tightly-knit Community would not be able to curb the ambitions of a united Germany. Its power could be best "contained" in a looser Europe in

which the US maintained a significant presence. In a looser structure, other governments would be free to form a coalition against Germany. By contrast, "a common foreign policy... is liable to express the interests of the largest single factor", she said.

Mrs Thatcher criticised the European Commission for drawing up directives in "back rooms" and the European parliament for

lacking Europe-wide political parties and political debate. "Instead of a centralised bureaucracy, the model should be a market - not only a market of individuals and companies, but also a market in which the players are governments," she said.

European governments should be free to compete with each other for investment. Rather than forcing governments to go forward together at the same

pace, the EC should allow a multi-speed Europe to emerge. "We should aim at a multi-track Europe in which ad hoc groups of different states - such as the Schengen group - forge varying levels of co-operation and integration on a case-by-case basis," she said. The Schengen

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Markets shudder as world's biggest property developer files for insolvency protection

Banks face \$3bn losses on their O&Y loans

By Robert Peston and Philip Stephens in London, Bernard Simon in Toronto and Alan Friedman in New York

FINANCIAL MARKETS around the world shuddered yesterday as the news that Olympia & York, the world's biggest property developer, had filed for insolvency protection in Canada and the US late on Thursday night.

As the markets recovered their poise it emerged that banks face losses of at least \$3bn (\$1.6bn) on their loans to O&Y.

The scale of banks' losses became clear after Citicorp, the biggest US bank, said in a submission to the US Securities and Exchange Commission that it had written off \$101m of its loans to the property developer and classified the remaining \$279m as non-performing.

Bankers said they believed other banks' losses on O&Y loans to be similar. Indeed, bank losses could be higher still, since Citicorp said it took the \$101m write off before the group made its filing for protection from its creditors.

O&Y insisted that Canary Wharf, a 10-year project started in 1987 and costing up to \$3bn, was unaffected by the legal moves in Canada and would continue on schedule.

The reassurances helped to calm dealers on the London stock market, where bank and property shares were marked down sharply at the start of trading but clawed their way back by the end of the day.

News of Citicorp's losses was the most startling development in a day filled with political and financial repercussions from O&Y's move.

Other developments included: ● The disclosure by O&Y's chief bank negotiator, Mr Steve Miller, that O&Y is hopeful the government will rent 500,000 square feet of unoccupied office space at Canary Wharf. Such a move could save the docklands development from filing for insolvency protection in the UK. The government is being offered the space, enough for 2,000 civil servants, at \$15 a square foot.

● A signal from the UK prime minister, Mr John Major, that there would be no government "bail-out" to rescue Canary Wharf and, therefore, that it would only take the space at a commercial rent. The prime minister's office also backed the Treasury's refusal to reduce O&Y's \$400m contribution to the costs of extending the Jubilee underground railway line to Canary Wharf.

However, Mr Miller hinted that construction of the Jubilee line could be delayed by two years, to defer O&Y's and its bankers' contributions to the cost of the line, though he hopes this could be avoided.

● A preliminary decision by a caucus of bank lenders to Canary Wharf to keep the docklands project out of administration under UK insolvency procedures until at least the end of May, though a formal decision will be made over the weekend.

● Pressure on the Canadian dollar, following O&Y's insolvency filings, which was stemmed by co-ordinated intervention by the Bank of England and the Royal Bank of Canada.

Meanwhile, O&Y's insolvency filing, under Canada's Compe-



Lydia van der Meer. "Property markets will be damaged": Steve Miller yesterday

THE O&Y INSOLVENCY

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Lloyds seeks small businesses' support in battle for Midland

By David Barchard

THE BATTLE for Midland Bank hotted up yesterday as Lloyds Bank launched a package aimed at persuading small businesses to support its takeover bid and issued a direct appeal to its rival's shareholders.

The war of words continued when Sir Peter Walters, Midland's chairman, told MPs that a Lloyds takeover would mean retrenchment, not growth.

Midland suffered a setback when the Takeover Panel said it could not appeal against an earlier ruling that Lloyds must be allowed access to confidential commercial information already supplied to Hongkong Bank.

Lloyds yesterday unveiled what amounted to a manifesto to customers, saying what they would gain from a takeover of

Midland. Small business customers of the combined bank would gain, said Lloyds, because banking services would be far superior to those already available in the UK. This was because a merged bank would operate more cheaply and efficiently than the existing UK clearers.

The proposals followed recent widespread criticism of the clearing banks' treatment of small business customers.

Small businesses would benefit from a new £100m Lloyds Bank venture fund administered by regional centres. It would enable them to obtain venture capital of £5,000 and above as well as a new fixed-rate lending scheme, backed by a £250m fund, making cash available for between five and seven years.

Lloyds also promised a scheme to enable small businesses to

obtain cash when large companies were late in payment. Lloyds also said it would not make banking tariff charges in the two years after a business was set up.

Mr Bernard Asher, director of Hongkong Bank, said he expected that his bank's bid for Midland would result in services to small businesses at least as good as those promised by Lloyds.

Lloyds' proposals were immediately attacked by Mr Stan Mendham, chairman of the Forum of Private Business. He said Midland shareholders should question carefully the motives behind Lloyds' proposed takeover bid. "Why is this range of beneficial measures only possible under a hostile bid for Midland?" Mr Mendham asked.

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NEWS: INTERNATIONAL

US output rise boosts hopes of recovery

By Michael Prowse
in Washington

HOPE of a sustained US economic recovery were bolstered yesterday when the Federal Reserve reported a 0.5 per cent increase in industrial production in April, the third consecutive monthly increase.

The figures were better than financial markets expected and partly reflected a sharp rebound in car production. However, most sectors of industry have shown a steady improvement since January.

Production has now almost retraced the falls of last autumn, when the economy seemed to be heading for a "double-dip" recession. Industrial output stands 3.5 per cent above the level in April last year.

Manufacturing output rose 0.5 per cent last month and 2.9 per cent in the year to April.

The improved production figures follow reports of gains in both employment and retail sales in April. On Thursday the Fed also reported a sharp rise in the money supply, bringing it just above the lower limit of its 2.5-6.5 per cent target range.

Many analysts believe a quarter-point cut in short-term interest rates is still likely in the next few weeks despite the improved economic figures. A reduction would trigger a cut in banks' prime lending rates, now 6.5 per cent, and add vigour to the recovery.

A decision on rates could be taken as early as next Tuesday, when Fed governors and regional presidents meet in Washington to review monetary policy.

Decision on EC tobacco ads delayed

By Andrew Hill in Brussels

HEALTH ministers yesterday delayed a decision on an EC-wide ban on tobacco advertising until November at the earliest.

Ms Vasso Papandreu, the EC health commissioner and the measure's strongest advocate, now fears that the British, and the Danish, who hold the EC presidency for the next two six-month terms from July - will give the directive a low priority, in effect pushing it off the agenda for a year.

Ministers from Germany, Britain and the Netherlands - which form a blocking minority - yesterday reiterated their objections to a ban. Some states said it was contradictory for the European Commission to try to ban advertising while it subsidised Community tobacco production.

The measure will now be discussed by national officials and should be tabled again at the next health ministers' meeting in November under the British presidency.

Confidential report puts bad and doubtful debts at Y42,000bn to Y53,000bn

Japanese banks face 'serious' debt problem

By Stefan Wagstyl and
Peter Martin in Tokyo

THE collapse of the Japanese property boom has left banks with a bad debt problem that is "serious but not lethal", according to a senior official of the Bank of Japan, the central bank.

Yesterday, the stock market lost some of its recent gains, on renewed worries about banks' exposure to property sparked by the troubles of Olympia & York. The Nikkei index closed down 730.33 at 15,074.57.

The central bank official said Japan's bad loan data were "still a moving target" because the commercial property market had not yet stabilised. "Nobody at this moment can

possibly have an accurate estimate because the situation in real estate is so fluid," he said.

The official said the Bank of Japan had been carrying out "all sorts of mental exercises" to calculate the possible magnitude of the problem.

A report circulating among bankers in Tokyo, said to be based on confidential Bank of Japan data, puts the total bad and doubtful debts of the banks and financial institutions at Y42,000bn to Y53,000bn (£177bn to £224bn).

The report, obtained by the Financial Times, indicates total potential problem loans are far greater than the banks or the authorities have hitherto admitted. Moreover, the estimate is based on figures collected at the end of last Sep-

POTENTIAL DOUBTFUL LOANS AT JAPANESE FINANCIAL INSTITUTIONS (Ybn)

	Total loans	Doubtful loans (range)
City banks	230,900	13,700-18,300
Long term credit banks	47,100	5,400-7,200
Trust banks	59,300	7,300-9,800
Regional banks	119,000	5,200-6,500
Other	181,700	10,300-13,500
Total	644,400	42,900-56,600

Source: Japanese bankers' estimates

tember. A further fall in land prices since then could well have aggravated the position.

However, the figures add together different categories of problem loans - including loans on which at least some interest is being paid as well as

those where interest payments have stopped altogether. They are also calculated without taking account of the value of collateral.

For the three categories of leading national banks - the top commercial or "city"

banks, the long-term credit banks and trust banks - problem loans total Y26,400bn-Y35,400bn.

This compares with a figure published by the Ministry of Finance last month of Y7,000bn-Y8,000bn for loans at these banks on which interest had not been paid for six months or more.

The contrast suggests that the ministry's figures could grow markedly in the next year or two, as more loans move from the doubtful to the non-performing category.

The report says estimated total problem loans of Y42,000bn-Y56,000bn account for 6.5-8.7 per cent of total loans as at the end of September 1991. Of this, some Y19,000bn-Y25,000bn are loans

to property companies and a further Y23,000bn-Y31,000bn are loans to non-bank financial companies, which in turn lend heavily to property developers.

The biggest burden falls on city banks, with problem loans of Y13,700bn-Y18,300bn. However, other banks have higher ratios of problem loans to total loans - including long-term credit banks, trust banks and non-life insurance companies.

Japan-based foreign banks also suffered damage - with some Y1,800bn-Y2,300bn in problem loans, fully 16.3-30.7 per cent of their total loans in Japan. The figure for foreign banks confirms anecdotal evidence of foreign banks lending to Japanese non-banks relatively late in the property boom.

Hint of new pay offer in Germany

By Quentin Peel in Bonn

GERMANY'S engineering employers yesterday hinted at an improved pay offer and new talks with the engineering workers were agreed for today, the first ray of hope in the country's embattled industrial relations.

Negotiations will be reopened in Karlsruhe for the key north Baden-Württemberg area, home to such big engineering employers as Daimler-Benz and Robert Bosch, and to 700,000 of Germany's 4m engineering workers.

The region is the one which produced a breakthrough in each of the past two years of engineering industry wage negotiations, giving rise to a degree of optimism otherwise scarcely justified by the progress of the talks so far.

Mr Hans-Joachim Gottschol, president of the Gesamtmetall employers' organisation, indicated in a radio interview that a new offer was probable, but he also insisted that the 5.4 per cent pay award agreed in the public sector could not be a target for the engineering industry.

Mr Dieter Rindt, leader of the employers' side in north Baden-Württemberg, said that after the collapse of last-ditch negotiations in both Hesse and North Rhine-Westphalia it was still important "to use every chance, however slim, to come to an agreement at the negotiating table".

At the moment the gap between IG Metall, the huge engineering workers' union, demanding a 9.5 per cent pay rise, and Gesamtmetall, offering 3.5 per cent, seems dauntingly wide.

Although some union leaders have suggested that a deal could be done around 6 per cent, the employers insist that is still too high.

Kohl agrees more power for Länder

By Quentin Peel in Bonn

CHANCELLOR Helmut Kohl yesterday agreed in principle to rewrite the German constitution to give the 16 German states much wider powers to control any future transfer of sovereignty to the European Community.

The potentially sweeping agreement was outlined at negotiations in Bonn between the chancellor and the state prime ministers, as a precondition for their ratification of the Maastricht treaty on political and monetary union.

Senior officials are fearful the deal - not yet finalised - will severely restrict Germany's room for manoeuvre to negotiate with its EC partners.

It means in future any transfer of sovereignty to Brussels must be approved by two-thirds majorities in both chambers of the German parliament, including the Bundesrat, representing the states.

The deal proposed by the states would not be simply restricted to those responsibilities which already belong to the 16 states - such as education, police or tourism - but extend to any area of European political union, such as defence and foreign policy.

The new article in the constitution to be drafted in the coming weeks will set a "united Europe" or "United States of Europe" as a formal goal of the German state, provided it is compatible with the principles underlying the German constitution, democracy, federalism, rule of law, and social justice.

NEWS IN BRIEF

Honecker is charged over border shootings

FORMER East German leader Erich Honecker has been charged with ordering guards to shoot to kill people trying to flee the country, Reuters reports from Berlin.

The Berlin Justice Ministry said five other former top East German officials were also charged.

Bonn has been trying to extradite Mr Honecker from Moscow, where he has taken refuge in the Chilean embassy since he was spirited out of East Germany by Soviet authorities last year.

US returns bases to Japan

US Vice President Dan Quayle left Japan yesterday after promising to return three small military bases to Japanese control, and having extracted promises for \$300m (£170m) in Japanese loans for private sector development in eastern Europe, writes Robert Thomson in Tokyo.

Mr Quayle came to Tokyo to commemorate the 20th anniversary of the transfer to Japanese control of the Okinawa Islands, in the south, which had been under the authority of the US military after the Pacific war ended.

Santiago claims election fraud

Mr Fidel Ramos last night took a narrow lead in unofficial estimates of the Philippine presidential election while his rival, Mrs Miriam Defensor Santiago, claimed there had been widespread electoral fraud, writes Jose Galang in Manila.

Mrs Santiago, a combative former immigration commissioner who had taken an early unofficial lead, is to launch demonstrations today accusing her opponents of "wholesale election fraud" consisting of "snatching ballot boxes and switching them with stuffed boxes."

Analysts predict that Mr Ramos, the administration-backed candidate, will emerge the clear winner once votes from the remote regions come in.

French inflation at 3.1%

French prices rose by between 0.2 per cent and 0.3 per cent in April, the 11th consecutive month that France's rate of inflation has been lower than Germany's, writes William Dawkins in Paris.

This brings to 1 per cent the rise in French inflation since the turn of the year, or 3.1 per cent over the past 12 months, according to provisional figures. That represents a slight decline in the annual rate, from 3.2 per cent in March.

However, economists believe the trend is stable, since prices fell automatically in April thanks to the government's decision to reduce the top rate of VAT from 22 per cent to 18.6 per cent. This month's inflation will be affected by the 10.5 per cent rise in tobacco prices from April 27, part of the government's anti-smoking campaign.

India outlaws Tamil Tigers

India has outlawed Sri Lanka's separatist Tamil Tigers guerrillas, whom it blames for the assassination of former prime minister Rajiv Gandhi, Reuters reports from Colombo.

Indian Home Minister Shankarrao Chavan described the Tigers, once armed and trained by India, as a threat to the "sovereignty and territorial integrity of our country". The Tigers turned against Mr Gandhi after he sent Indian troops in 1987 under a peace accord with Colombo to end more than four years of armed rebellion for an independent homeland for Sri Lanka's Tamil minority.



Workers prepare to move a new statue of Kaiser Wilhelm, first emperor of a united Germany, onto a boat at Düsseldorf, which will carry it to Koblenz. Its predecessor was destroyed by US forces 47 years ago.

Russia ends controls on oil and gas prices

By Leyla Boulton in Moscow

RUSSIA yesterday liberalised internal oil and gas prices as part of a long-promised market reform which will hit filtering state-owned enterprises and outlying republics hardest.

The government will continue controlling prices for oil and gas sold to Russian enterprises - but at six times higher than the present artificially low Rbs390 a tonne.

The system, expected to be put in place over the next fortnight, will be enforced by fining suppliers who exceed new ceilings for energy prices.

The resolution, signed by President Boris Yeltsin, also says former Soviet republics which do not have special arrangements for oil sales in bilateral agreements with Russia will have to pay prices

Ukraine refuses to sign CIS defence pact

based on "world levels".

SIX republics of the Commonwealth of Independent States (CIS) yesterday signed a defence pact, but Ukraine, its second largest member, was among five others that refused to join. Reuters reports from Tashkent, Uzbekistan.

The collective defence agreement was trumpeted as a showpiece of the CIS's fourth summit since it was set up last December on the ruins of the Soviet Union. But in reality, it exposed the fragility and divisions within the 11-member grouping.

Russia, Armenia and four Central Asian republics signed the accord, which commits signatories to come to the assistance of any member subjected to an attack. Ukraine, Belarus, Azerbaijan, Moldova and Kyrgyzstan declined to sign.

President Nursultan Nazar-

bayev of Kazakhstan, one of the CIS's strongest advocates, said the pact established a formal base for the independent republics' security.

All members of the commonwealth agreed in principle to implement the Conventional Forces in Europe treaty, which calls for deep cuts in conventional weapons.

Russian President Boris Yeltsin said the high number of refusals in signing the defence pact was a "cause for regret and even a degree of misunderstanding. We are talking here about collective security. The entire world is moving towards this," he said.

Mr Vitold Fokin, Ukraine's prime minister, said the pact was incompatible with other commonwealth agreements, which had anyway failed to halt ethnic conflicts.

Madrid to press ahead with anti-strike laws

By Peter Bruce in Madrid

THE Spanish government is to press ahead with tough new anti-strike legislation after failing to reach agreement with trades unions in negotiations last week.

Just two weeks before a general strike planned for May 28, the government has decided to abandon negotiations on the law with the unions.

Union leaders attacked the government's decision to take its proposals to parliament as "provocative".

The law, certain to be passed in the next few months, seeks to regulate the way strikes are run. It would allow the state to impose minimum services during strikes, fine or sack strike leaders, withdraw state

subsidies to unions, and give judges the power to decide whether a strike was political and therefore illegal.

Growing union dissatisfaction over the strike law has added to ill-feeling between the government and the unions and the proposed legislation - along with Madrid's decision to save \$4bn (£2.2bn) this year by cutting unemploy-

ment benefits - helped trigger the half-day strike planned for the morning of May 28.

The government ordered the jobsless benefit cuts in April as part of its proposals to cut public deficits and take Spain into European Economic and Monetary Union by 1997. It believes it may have driven the unions into a corner by forcing them to strike.

Prado to lose masterpieces

A new collection arrives, and Guernica moves, reports Tom Burns

JUST as Madrid prepares to receive a fabulous artistic windfall, Spain's cultural bureaucracy is pillaging the long-established Prado museum of its 20th-century masterpieces.

This weekend the first of 900 paintings owned by Baron Heinrich Thyssen-Bornemisza will be packed in Lugano, Switzerland, for eventual hanging in a lavishly overhauled 18th-century building across the street from the Prado.

Next week the trustees of the Prado will be told the Culture Ministry has decided to remove Pablo Picasso's *Guernica* and put it in an art centre called the Reina Sofia, to be inaugurated next month.

"It is as if the Louvre was ordered to hand over its antiquities to a new archaeological museum," says Mr Alfredo Perez-Armanan, a former director of Fine Arts - a section of the ministry - and a prominent member of the Friends of the Prado Association.

Fuelling the controversy is the fact that Picasso, who was briefly the Prado's director, had specified that, once democracy was restored to Spain, *Guernica* should hang in the nation's premier museum.

The searing canvas, which condemns the 1937 bombing of the Basque town of the same name during the Spanish Civil

War, was painted in Paris and hung in New York until 1981.

Under the Culture Ministry's plans the Prado will also lose to the Reina Sofia art centre 63 preliminary sketches that Picasso made for *Guernica*, and the small but strong collection of Juan Gris and Joan Miro canvases donated to the museum by the cubist art historian Douglas Cooper and by Miro's widow.

Mr Perez-Armanan points out that if the ministry rides roughshod over donations made to the Prado, the museum can hardly expect to receive any more.

"Why cannot the Prado be a proper home for Picasso, Miro, Gris and other masters of our century?" asks Mr Francisco Calvo Serraller, one of Spain's most influential art critics.

Laments among Prado supporters do not end there.

The Thyssen-Bornemisza collection, which will remain in Madrid initially for nine years, will make the city a magnet for art-lovers. But it effectively deprives the Prado of both funds and space for a long overdue enlargement.

A total of Ptas9bn (£18m) was set aside from the state budget to prepare the collection's new premises and to establish a

fund that will provide Baron Heinrich-Bornemisza with an annual Ptas500m for the loan of his pictures.

Restoration work on the new Thyssen-Bornemisza museum was completed last week and its roomy galleries will be opened in October. The magnificent building was originally intended to house the Prado's outstanding collection of Goya and so allow the Prado space to exhibit masterpieces, among them a unique series of Tiepolos, stored deep in its vaults.

The Culture Ministry says it has no money to offer the Prado alternative accommodation. It did not skimp, however, on the main beneficiary of the Prado's losses: Ptas10bn has been spent to transform the Reina Sofia, a huge 200-year-old former hospital, into a modern art museum.

So much was spent on rebuilding the Reina Sofia that little was left to augment a permanent collection that, save for legacies by Miro and Dalí, is judged to be indifferent.

The new centre's comparative poverty is the chief reason the Culture Ministry gives for its decision to poach from the Prado. Critics say it amounts to putting icing on a non-existent cake.

AEGON Insurance Group

AEGON N.V., registered offices at The Hague, The Netherlands

At the Annual General Meeting of Shareholders held on May 13, 1992, the dividend for the 1991 fiscal year was fixed at Dfl. 7.35 per common share of NLG 5.00 par value. After deduction of the interim dividend of NLG 2.20 - already made payable - the final dividend amounts to NLG 5.15 per common share of NLG 5.00 par value.

At the option of the shareholder the final dividend may be taken entirely in cash or partly in cash and partly in stock. The cash part of the final dividend amounts to NLG 1.30. The stock dividend part amounts to 1/28 in new common shares of NLG 5.00 par value, to be paid out of the tax-free paid-in surplus, or if so required, out of the 1991 net income.

Except for holders of New York shares, the final dividend will be payable as from May 27, 1992 at the head offices of AEGON N.V. Bank van Hallen, Lanchowere N.V., Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., NMB Postbank Groep N.V., Picson, Helderling & Picson N.V., S.A. Mads & Hope N.V., Kredietbank N.V., Brussels, Kredietbank S.A. Luxembourg, Luxembourg, Schweizerische Bankverein, Schweizerische Kreditanstalt, Schweizerische Bankgesellschaft, Zürich, Bâle and Geneva, Deutsche Bank A.G., Düsseldorf, and J. Henry Schroder Wagg & Co. Ltd., London.

For shareholders who opt for payment entirely in cash, dividend coupon no. 32 will pay NLG 1.30 and no. 33 will pay NLG 3.85 less 25% dividend tax. Shareholders of common shares who opt for payment in shares will receive one new common share of NLG 5.00 par value upon surrender of the dividend coupons no. 32 or 28 common shares of NLG 5.00 par value. These new shares will participate fully in the results for 1992 and subsequent years. Coupons must be surrendered to N.V. Nederlandsche Administratie en Trustkantoor, Mientweg 420, 1017 BZ Amsterdam, The Netherlands.

After June 30, 1992, the final dividend is only payable in cash.

The published rates of commission will be paid to members of the Amsterdam Stock Exchange to enable them to exchange dividend coupon no. 33 without charging commission to shareholders. Rights to payment of dividend in the form of common shares will be made available to holders of CF Certificates through the intermediary of the institutions acting as custodians of the coupon sheets to their shares at the close of business on May 13, 1992.

The Executive Board
The Hague, May 13, 1992
50 Marchionneplein

مركز ابحاث

NEWS: INTERNATIONAL

Scandal prompts Indian markets to close

By David Housego in New Delhi and R.C. Murthy in Bombay

INDIA'S stock markets were closed yesterday to prevent a further collapse in prices after police seized assets belonging to Mr Harshad Mehta, the Bombay broker, under investigation for alleged fraud in the securities market.

Share prices have swung wildly since the emergence three weeks ago of the country's worst financial scandal.

Yesterday the Bombay Stock Exchange suspended Mr Mehta's membership, and the Central Bureau of Investigation (CBI) froze his bank accounts and impounded share certificates held by him.

Mr Mehta, the main architect of the bull run that more than tripled prices over the last year, is under investigation for allegedly buying shares out of funds illegally raised from the interbank market in government and public sector debt.

His suspension was announced after a meeting he had last night with the stock exchange authorities. Also suspended were his brother, Mr Ashwin Mehta, and Mrs Jyoti Mehta his wife.

Mr Mehta said yesterday that he would honour all his commitments and called for a meeting with creditors to agree on a way to settle his debts. He said creditors had "no real reason to panic".

The closing of the market came after a week in which the Bombay 30 share index recovered some ground because of massive buying by the state-owned financial institutions after plunging violently with the uncovering of the scandal.

The index at 3394 is 24 per cent down on its April 23 peak - but still trading at historically unrealistic price earnings ratios.

Dr Manmohan Singh, the Finance Minister, is to review financial sector reform at an earlier scheduled meeting today with Mr S Venkataratnam, the Reserve Bank governor, and the heads of other financial institutions.

Bankers and government officials are worried at the damage that the disclosure of widespread abuses in the securities and stockmarkets could do to Indian hopes of tapping direct portfolio investment from abroad.

The scandal could also make it more difficult for Indian companies to raise funds on the Euromarkets. Reliance, the petrochemicals group controlled by the Ambani family, is expected to be the first Indian company to attempt to raise funds on the Euromarkets with a \$100m issue in June.

South Africa's bitter foes snatch defeat from the jaws of victory

By Paul Waldmeir and Michael Holman in Johannesburg

THE battle for political power in the new South Africa yesterday began in earnest.

For many frantic hours, the two largest political groups, the mainly white National Party and the mainly black African National Congress (ANC), clashed and retreated, fought and finally abandoned hope of deciding whether South Africa should be governed by majority rule, or by power-sharing.

It was a momentous failure of will by those charged with determining the political future of South Africa. Only two months after the stunning referendum victory in which white South Africa finally voted out apartheid, hopes of multi-racial, power-sharing were frustrated yet again and violence looked set to intensify.

An agreement already reached to establish a multi-racial interim government cannot now be implemented. Multi-party control of the security forces, crucial to contain the violence which has left 11,000 people dead since 1984,

cannot be established.

Remaining economic sanctions, which would largely have been lifted on installation of an interim government, will remain in place. Normalised relations with the World Bank and International Monetary Fund (IMF) remain a distant prospect. Popular protest will intensify, under the direction of the ANC which is likely to stage a general strike. South Africa risks a period of even worse political violence. Mr Chris Hani, Communist Party leader, threatened last night that Codesa would "hear the voice of our mobilised masses."

Angry ANC officials yesterday accused the government of sabotaging democracy, and insulting them to boot. Government negotiators reverted to the Cold War rhetoric of the apartheid past, accusing the ANC of wishing to impose a "Communist-Marxist" constitution on South Africa.

Voices shook with anger, or failed altogether under the strain of days of crisis talks. A furious Mr Joe Slovo, senior leader of the ANC, accused the government of insisting on a minority veto: "We can only conclude... that what they fear, like nothing else, is

democracy." But Mr Pik Botha, the foreign minister, called democracy to his defence as well, claiming that the government supports democratic federalism; he damned the ANC for wanting a centralist, unitary and majoritarian state.

The opposing camps have no alternative but to return to Codesa... whether in a week, a month, or a year

The fragile trust built over the past four months in the conference rooms of the Convention for a Democratic South Africa (Codesa) - where hundreds of officials spent thousands of hours in the unfamiliar practice of talking to one another - did not survive the day. The 19 parties to the talks, representing liberation leaders, discredited homeland governments, ethnic leaders and the government, acknowledged deadlock. Mr Zach de Beer, leader of the liberal Democratic Party, bemoaned the fact that "defeat has been snatched from the jaws of victory."

South Africans watching yesterday's slanging match on

national television must have found it difficult to understand the root of the dispute. But behind the complex proposals tabled by both sides lay a basic disagreement over how decisions should be taken in the elected body which will eventually write a post-apartheid constitution.

The National Party tabled a proposal after proposal designed to allow it, in alliance with other ethnic minority parties, to veto decisions of the constitution-making body. This would be achieved either by imposing a requirement that decisions be taken by 75 per cent majority; or a specially elected senate, with disproportionately large representation for regional and minority groups, would veto decisions of the main body. The ANC proposed a two-thirds majority (which it assumes would exclude a National Party veto). It offered to accept a 70 per cent majority (with 75 per cent to approve the bill of rights), but then insisted that a popular referendum be called if that majority could not be achieved.

But when the last acrimonious word had been said to the television cameras, the 200-odd delegates filed sombrely into

the conference hall to debate again. Delegates agreed that Codesa had reached deadlock, but not disaster.

It is not clear whether the constitutional talks at Codesa will continue, or whether the warring factions will observe a temporary or extended truce. But from the two opposing camps - the ANC-led group, which included liberation movements and some homeland governments, as well as the government-led group, which included the Zulu Inkatha Freedom Party and other ethnic parties - the message was the same. They have no alternative but to return to Codesa... whether in a week, a month, or a year.

When they do, they will come with eyes open and illusions dashed, and each will know his enemy much more clearly than before. Minds will have been concentrated on the real battle ahead.

As one veteran negotiator commented, a propos the talks which brought Namibian independence: "There are two elements to any successful negotiation: fear and pain." Early or late, those two forces will propel South Africans back to the negotiating table.



Deadlock but not yet disaster: Nelson Mandela shades his eyes from conference television lights yesterday

Iraqi Kurds to stage election

By Gareth Smyth in Arbil, northern Iraq

IRAQ'S Kurds vote tomorrow in an election conducted in a carnival atmosphere but condemned by the regime of President Saddam Hussein in Baghdad and by Turkey and Iran, the two neighbouring states with large Kurdish populations.

The election is another attempt by the Kurds to assert the right to a free and independent state and comes in the wake of the severe setback they suffered when Baghdad partially crushed their spontaneous uprising in the wake of the Gulf war.

The poll has been organised by the Kurdistan Front, a coalition of seven parties which has administered the region following the creation by allied forces of "safe havens".

Although party allegiance is based partly on loyalties forged during decades of hardship, disruption and war, an important new issue has emerged: whether Iraqi Kurdistan should break entirely from Iraq.

Mr Massoud Barzani, leader of the Kurdistan Democratic Party (KDP), is seeking a mandate for autonomy within Iraq. But Mr Jalal Talabani, leader of the Patriotic Union of Kurdistan (PUK), supports "self-determination" for the region.

HEATHROW

"Brussels?"
I thought
British Midland
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NEWS: UK

Institutions pressed to maintain payments due from Maxwell company schemes

Tories urge aid for pensioners

By David Owen

SIX senior Tory MPs are putting pressure on banks and other financial institutions which deal with the late Mr Robert Maxwell, saying that they have a moral obligation to ensure that all Maxwell pensioners continue to receive their pensions.

The campaign by the Conservative backbenchers urging institutions involved in the Maxwell affair to set up a fund to maintain payments to the

pensioners will gather momentum next week, when MPs meet some of the companies.

The move follows yesterday's tabling of a parliamentary early day motion advocating such a fund by six senior Tories, headed by Mr Spencer Baisie, the MP for Elmet, near Leeds.

The motion says financial institutions that were "unwise" enough to have dealings with the late tycoon have "a moral obligation" to ensure that Maxwell pensioners con-

tinue to receive their pensions. Setting up a fund to maintain payments until ownership of the main assets had been established would be "without prejudice" to the institutions' legal claims.

This attempt to enlist private-sector help follows failure to gain government commitments of financial support. Ms Ann Widdecombe, a junior social security minister, has said it would be premature for the government to commit itself to any action.

On Tuesday Mr Richard Page, Conservative MP for Hertfordshire South-West, and Mr Frank Field, Labour chairman of the social security committee in the last parliament, are to meet Mr Peter Lilley, social security secretary, to argue that the government should seek ways of keeping pension funds open until investigations into the state of the Maxwell funds are complete.

Mr Baisie said: "My impression is that at the end of the day there will be a legal settle-

ment involving financial institutions coughing up a fair amount." It would be wrong for the government, which appears to have no legal liability, to "come forward and let those with liabilities off the hook".

Mr Baisie, a vice-chairman of the Tory backbench trade and industry committee in the last parliament, admits to a strong constituency interest as "240-odd" Maxwell pensioners whose payments have been stopped live in Leeds.

Accountants' pay reported up 6.3% last year

By Andrew Jack

ACCOUNTANTS' salaries grew by less than the average increase in UK earnings last year in the face of large-scale redundancies, the annual survey from Robert Half, financial recruitment consultants, showed yesterday.

Salaries rose 6.3 per cent, compared with 8.1 per cent in 1990-91 and a peak of 13 per cent in 1988-89. UK average earnings in the year to February, published on Wednesday, grew by 7.5 per cent.

According to the survey, the top 30 firms made about 1,000 professionals redundant in 1991, and a further 2,000 from other firms lost their jobs.

It said that just over half of the companies questioned made staff redundant. The proportion was highest in the west Midlands, where 60 per cent of companies shed employees.

Recruitment advertising declined by 60 per cent last year, while 21 per cent of companies reported more than 200 replies to a single advertised vacancy.

Mr Grout said that while the quantity of job applicants had risen, the quality had not, although he expected many higher-calibre candidates who are currently employed to

change jobs in the second half of the year.

Demand for individuals who have qualified with the Chartered Institute of Management Accountants was now exceeding Chartered Accountants, reflecting their greater commercial experience.

Nearly 80 per cent of companies offer some form of bonus in addition to salary. Two fifths offer share options and season ticket loans, as well as 28 per cent profit-sharing schemes.

The proportion of companies offering benefits was down slightly on previous years, although Mr Grout said there was an increase in a "flexible menu" of benefits.

The estimated cost of two outstanding investigations by the accountancy profession's joint disciplinary scheme is almost £2m, its annual report showed yesterday.

A committee of inquiry into matters surrounding the Barlow Clowes group of companies, and another concerned with Minet Holdings, WMD Underwriting Agencies and Alexander Howden Group, are expected to cost £225,000 before resolution.

A third case into Milbury and Westminster Property Group was concluded last November after incurring costs of £224,000.

Final swaps test case settled

THE LAST of six test case actions in the High Court between banks and local authorities over interest rate swaps transactions has been settled out of court on undisclosed terms, John Mason writes.

NationsBank of North Carolina agreed terms with Hammersmith and Fulham Council, which had faced a claim from the bank for £306,000 plus interest of more than £150,000 and legal costs. The agreement means that all six of the swaps test cases have been settled out of court.

A High Court hearing will be held on June 8 to determine whether new test cases should be selected.

Airline takes Prestwick stake

FEDERAL EXPRESS, the US all-cargo airline, is buying 10 per cent of the company that runs Prestwick airport in Scotland. It has also signed a 10-year lease for an enlarged freight and express parcel operation at the airport.

The move, the first time Federal Express has taken an ownership stake in an airport, is a boost to PKI, the private company that took over running the airport after it was sold last month by BAA, the former British Airports Authority.

Venture group boosts investment

THE venture capital group 3i has nearly doubled its level of new investment in the UK in the past six months, helped by increasing confidence in the economy.

Mr Ewan Macpherson, chief executive, said the level of investment had been boosted partly by "the encouraging number of management buy-outs". The group made new investments of more than £27m in the six months from October last year to March, an increase of 90 per cent on the same period in the previous year.

Channel ferry route to reopen

THE Newhaven-Dieppe cross-Channel car ferry route, closed by its French operator at the end of last month, is to be reopened by Sealink Stena Line of the UK.

The two French vessels that previously served the route have been chartered by Sealink and will be put back into service on the route - one of them next Thursday and the second a week later.

Prescott wins union backing

MR JOHN PRESCOTT, Labour transport spokesman, has won the backing of two union executives in his challenge for the deputy leadership of the party. The backing comes from Nupel, the public-service union, and GPMU, the print union.

Blunkett calls for Labour reforms

SWEEPING reforms of Labour's organisation were urged last night by Mr David Blunkett, a member of the party's national executive and campaign manager for Mr Bryan Gould's leadership bid.

Mr Blunkett said the party's general election defeat should be followed by a radical reorganisation which would switch the focus of its effort from its headquarters to local activists.

Nadir hearing

AN APPLICATION from Mr Asil Nadir, the former Polly Peck chairman and chief executive, for the dismissal of some or all of the charges against him is to be heard at Stafford Crown Court on Monday, where Mr Justice Tucker, the judge assigned to Mr Nadir's case, is on circuit.

Mr Nadir faces 68 charges of theft and three of false accounting for amounts totalling £100m. His trial is due to begin in March next year.

Fayed complaint

A COMPLAINT by the Fayed brothers that a Department of Trade and Industry inspector's report into the 1985 takeover of the House of Fraser stores group infringed their human rights is to be heard by the European Court of Human Rights in Strasbourg.

Lecturers' pay

THE Association of University Teachers yesterday accepted a 5.75 per cent pay offer.

City puts rise in inflation down to special factors

By Emma Tucker, Economics Staff

NEWS THAT the annual rate of headline inflation jumped to 4.3 per cent in April failed to fluster the City yesterday with most economists and the Treasury attributing the rise to special factors rather than underlying inflationary pressures.

According to the Central Statistical Office (CSO), the 1.5 per cent leap in the retail prices index from 138.7 in March to 138.8 in April mainly reflected price rises for tobacco, alcohol, petrol and vehicle licences that resulted from higher excise

duties introduced in the March budget.

The rise was exacerbated by last year's £140 reduction in poll tax bills dropping out of the index, although that was partly offset by much of last year's increase in VAT also dropping out of the 12-month comparison.

Many of the increases for other goods and services were less than a year ago and seasonal food prices fell by 1.9 per cent, the first drop recorded in April since 1972. That brought the year-on-year rate of inflation for seasonal foods to minus 2.5 per cent, the lowest

rate since February 1989, when it was minus 3.3 per cent.

The CSO said the fall was due in particular to plentiful imports and home-grown supplies of tomatoes, lettuces and cucumbers, along with slightly lower demand in mid April. Non-seasonal food prices also fell, falling 0.1 per cent on the month.

Prices in all the other components of the index rose in April, with tobacco showing the biggest increase. The CSO said the average price of 30 king size cigarettes rose from £1.97 in March to £2.09 in April.

UK inflation rate

Leisure goods (46)	3.1%
Paras & other travel costs (20)	6.7%
Motoring (141)	8.8%
Personal goods & services (38)	7.1%
Clothing (69)	0.9%
Household services (49)	6.3%
Household goods (70)	5.9%

Figures in brackets are weights in retail price index in parts of 1,000

There were also steep price increases in the housing component of the index, which rose 3.9 per cent on the month. The CSO said poll tax bills had increased by 13.3 per cent on average, and water and sewerage charges by 10.1 per cent.

RPI: 138.8 in April

Leisure services (30)	6.6%
Food (151)	2.4%
Catering (47)	8.1%
Alcoholic drink (77)	5.8%
Tobacco (32)	10.3%
Housing (182)	4.4%
Fuel & lighting (46)	5.4%

Percentages represent annual % change to April 1992

Repairs and maintenance charges also rose. Prices of household goods rose only 0.1 per cent on the month, the smallest increase since 1987. That reflected discounts on furniture and furnishings.

THATCHER'S SPEECH ON EUROPE

Bruges II lives up to its billing

SENIOR Conservatives these days are inclined to respond to Mrs Margaret Thatcher's public pronouncements on the future of Europe with a carefully patronising smile.

Their expressions carry a simple message: "Of course we listen but, well, the former prime minister is finding it so difficult to adapt to retirement; we should not be surprised if she sometimes sounds a little eccentric."

It is an image for which Mrs Thatcher must accept some of the blame. Even as prime minister she tended to shoot from the hip. Freed from the steady hand of her Downing Street office, she has too frequently allowed intemperate language and unguarded outbursts

against her successor to blur her message.

She did not make that mistake yesterday. Her speech on Europe's political architecture during the 1990s ceded no ground to those who believe in a federal future for the continent, but it carefully avoided gratuitous criticism of Mr John Major for his willingness to remain, albeit grudgingly, on the route mapped out by Britain's European partners.

The speech was billed "Bruges II", the follow-up to her devastating attack four years ago on the ambitions of Mr Jacques Delors, the president of the European Commission. It lived up to the billing.

The central theme was that everything that has happened since Bruges has strengthened rather than weakened her argument for a loose confederation of sovereign states rather than a federalist superstate.

Since the row in her party that triggered her political downfall, Mrs Thatcher has become more convinced that Europe's leaders are grappling with a vision of the past rather than the future. She believes it should be looking forward to a community of 30 states rather than to a bureaucratic structure designed to impose uniformity on the present membership of 12.

The community's duty to embrace the emerging democracies of eastern Europe argued for a "multi-track" Europe based on a single, free

market but in which ad hoc groups of countries could forge varying degrees of co-operation on different issues.

She is as concerned as ever about the dominant role Germany might take in a tightly knit community, as certain as ever that the way to constrain German ambitions is to widen rather than deepen the community.

Mr Major, no great admirer of the commission, is sympathetic to some of the detail of her analysis. In spite of Downing Street's deliberately low-key response, it is one that is impossible to reconcile with the prime minister's commitment at the heart of Europe.

Philip Stephens

'Work of commission should cease to be legislative'

Extracts from Mrs Thatcher's speech at The Hague yesterday:

The German question

If I were a German today, I would be proud - proud but also worried. I would be proud of the magnificent achievement of rebuilding my country, strengthening democracy and assuming the undoubtedly preponderant position in Europe. But I would also be worried about the European Community and its direction.

The German taxpayer pays dearly for his place in Europe. Britain and Germany have a strong joint interest in ensuring that the other community countries pay their fair share of the cost - and control the community's spending more enthusiastically - without leaving us to carry so much of the burden.

Germany is well equipped to encourage such financial prudence. Indeed, I would trust the Bundesbank more than any other European Central Bank to keep down inflation.

A reunited Germany can't and won't subordinate its national interests in economic or in foreign policy to those of the community indefinitely. And sometimes Germany will be right, when the rest are wrong, as it was over the recognition of Croatia and Slovenia.

Nevertheless, Germany's power is a problem - as much for the Germans as for the rest of Europe. Germany is too large to be just another player in the European game but not large enough to establish unquestioned supremacy over its neighbours.

What follows from this is that German power will be best accommodated in a looser Europe in which individual nation-states retain their freedom of action.

Europe free and democratic Now - with the commission exploiting the Single European



Anti-federal call: Margaret Thatcher speaking at the Global Panel conference yesterday

Act to accumulate powers of greater direction and regulation - Europe is reaching the point at which it must choose between these two approaches.

Is it to be a tightly regulated, centralised bureaucratic federal state, imposing uniform standards throughout the continent? Or is it to be a loose-knit decentralised free-market Europe of sovereign states, based upon competition between different national systems of tax and regulation within a free trade area?

The federalists at least seem to be clear. The Maastricht Treaty met the commission's requirement for a "single institutional framework" for the community. Yet, before the ink was even dry on the treaty, it was reported that the president of the European Commission was seeking more money and more powers for the commission which would become the executive of the community - in other words a European government.

Nor is there any mystery

about the urgency with which they press the federalist cause. A half-Europe imposed by Soviet tyranny was one thing; a half-Europe imposed by Brussels was a moral catastrophe depriving the Community of its European legitimacy.

The role of the commission In 1996, when the arrangements agreed at Maastricht are due to be reviewed - and probably a good deal earlier - the community should move in exactly the opposite direction to that proposed by the European federalists.

A community of sovereign states committed to voluntary co-operation, a lightly regulated free market and international free trade does not need a commission in its present form. The government of the community - to the extent that this term is appropriate - is the council of ministers, consisting of representatives of democratically elected national governments. The work of the

commission should cease to be legislative in any sense. It should be... administrative.

Co-operation in Europe Why need every new European initiative require the participation of all members of the community? It will sometimes be the case - especially after enlargement - that only some community members will want to move forward to another stage of integration.

Here I pay tribute to John Major's achievement in persuading the other 11 community heads of government that they could move ahead to a Social Chapter, but not within the treaty and without Britain's participation. It sets a vital precedent.

If the European Community proceeds in the direction which the majority of member state governments and the commission seem to want, they will create a structure which brings insecurity, unemployment, national resentment and ethnic conflict.



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NOTICE OF MEETINGS

Since the Extraordinary General Meeting held on 7th May, 1992 at 3.00 p.m. was held to be inquorate, shareholders are hereby informed that an ordinary General Meeting and an Extraordinary General Meeting will be held at the Pavillon Gabriel, 5 Avenue Gabriel 75008, Paris on 21st May, 1992 (AGM at 10.30 a.m., EGM afterwards) to consider the same agenda:

Annual General Meeting

- Report of the Board of Directors and the auditors;
- Approval of transactions falling within Article 101 of the law of 24th July, 1966;
- Approval of the accounts for the year ended 31st December, 1991 and quibus to the Board of Directors;
- Allocation of profits and determination of dividend;
- Proposal for payment of dividend in shares;
- Re-election of Directors;
- Appointment of auditors;
- Appointment of substitute auditors;
- Renewal of the authorisation to the Board to deal in shares of the Company on the Stock Exchange;
- Power of Attorney for carrying out formalities.

Extraordinary General Meeting

- Reports of the Board of Directors and the auditors; authorisation to be conferred on the Board of Directors:
- to increase the capital, on one or more occasions, up to a nominal value of FF1,000 million by incorporating reserves, retained profits or distributable reserves either by issuing new shares or by increasing the nominal value of the shares;
 - to issue, on one or more occasions, in France or abroad, marketable securities, giving the right through conversion, exchange, redemption, presentation of a warrant or otherwise, to the allotment of shares the maximum nominal value of shares issued pursuant to such allotment being limited to FF150 million, with maintenance of shareholders' preferential subscription rights;
 - to issue, by virtue of resolution 2, marketable securities with waiver of the shareholders' preferential subscription rights;
 - to issue, on one or more occasions, in France or abroad, bonds with warrants up to a maximum of FF5,000 million, the maximum nominal amount of shares for which such warrants give the right to subscribe being fixed at FF150 million, with waiver of the shareholders' preferential subscription rights;
 - to issue, on one or more occasions, in France or abroad, bonds convertible into shares up to a maximum nominal amount of FF7,500 million, with waiver of shareholders' preferential subscription rights;
 - to limit to FF150 million the total amount of the increase in capital that may be permitted by virtue of the authorisations contained in resolutions 2, 3, 4 and 5;
 - to increase the share capital, on one or more occasions, in the event of a cash or share offer for the securities of the Company, up to a limit of FF500 million, by the issue of new shares, with maintenance of shareholders' preferential subscription rights;
 - to increase the share capital, in the event of a cash or share offer for the securities of the Company, as permitted by virtue of the condition in resolution 7, with waiver of shareholders' preferential subscription rights;
 - to issue, in the event of a cash or share offer for the securities of the Company, shares with warrants attached up to a maximum of FF150 million, the maximum nominal value of such an issue being limited to FF150 million, with maintenance of shareholders' preferential subscription rights;
 - to increase the share capital, in the event of a cash or share offer for the securities of the Company by virtue of the conditions in resolution 9, with waiver of shareholders' preferential subscription rights;
 - to limit to FF300 million the total amount of increase in capital that may be permitted by virtue of the authorisations contained in resolutions 7, 8, 9 and 10;
 - to allow share options to the employees and directors of the Company or companies or subsidiaries in which the company owns at least 10 per cent of the capital;
 - to increase the capital for the benefit of the employees of the Company, or companies within the Group with a corresponding renunciation of preferential subscription rights; and
 - to grant power of attorney for carrying out formalities.
- All shareholders will be entitled to attend the Meeting, regardless of the number of shares held.
- To be entitled to attend or to be represented at the Meeting:
- holders of registered shares must be recorded in the Company's share register at least five days before the date of the Meeting;
 - holders of bearer shares must deposit at the head office of the Company or at a branch of the institutions listed below, at least five days before the date of the Meeting, a certificate evidencing that the shares have been deposited with authorised intermediaries until the date of the Meeting:

Lazard Brothers & Co., Limited, 21 Moirfeilds, London EC2P 2HT, ENGLAND.
Lazard Frères et Cie, 121 boulevard Haussmann, 75008 Paris, FRANCE.
Crédit Lyonnais, 19 boulevard des Italiens, 75002 Paris, FRANCE.
Banque Paribas, 3 rue d'Antin, 75002 Paris, FRANCE.
Banque de Neufilze, Schlumberger, Mallet, 3 Avenue Hoche, 75008 Paris, FRANCE.
Crédit Industriel et Commercial de Paris, 66 rue de la Victoire, 75009 Paris, FRANCE.
Société Générale, 59 boulevard Haussmann, 75009 Paris, FRANCE.
Banque Transatlantique, 17 boulevard Haussmann, 75009 Paris, FRANCE.
Crédit du Nord, 6 et 8 boulevard Haussmann, 75009 Paris, FRANCE.
Lyonnais de Banque, 8 rue de la République, 69009 Lyon, FRANCE.
Banque Nationale de Paris, 16 boulevard des Italiens, 75009 Paris, FRANCE.
Mutuelle Industrielle, 55 rue La Boétie, 75008 Paris, FRANCE.
Générale de Banque, 3 Montagne du Parc, Brussels, BELGIUM.
Banque Indosuez, 96 boulevard Haussmann, 75008 Paris, FRANCE.
Lombard, Odier et Cie, 11 Cornaierne, Geneva, SWITZERLAND.
A. Sarasin et Cie, 107 Freystrasse, Basel, SWITZERLAND.
J. Vontobel et Cie, Bahnhofstrasse 3, Zurich, SWITZERLAND.
Banque Worms, 1 place des Degrés, 92059 Paris La Defense, FRANCE.
Banque Demachy et Associés, 223 rue Saint Honoré, 75001 Paris, FRANCE.
Caisse des Dépôts et Consignations, 56 rue de Lille, 75007 Paris, FRANCE.

Any shareholder wishing to attend the meeting in person should request an entry ticket from one of the above institutions. Proxy forms must be received by the Company at least five days before the date of the Meeting. A shareholder can only be represented either by another member of the meeting, or by his spouse or legal representative. A voting form will be sent to every shareholder registered on the share register in order to vote by post. Holders of bearer shares desiring to vote by post may obtain a voting form from the above institutions. Holders must complete such forms by registered letter to arrive at the institution not less than five days before the date of the Meeting. Postal votes will only be counted if received by one of the above institutions at least five days before the date of the Meeting or at the head office of the Company, 7 rue de Téhéran, 75008 Paris, at least three days before the date of the Meeting.

Proxy forms sent to the Company for the Meeting on 7th May, 1992 remain valid for the second meeting on 21st May, 1992. Shareholders who have not returned their forms can do so under the terms of the above conditions.

Ravenscraig to close by end of June

By James Buxton, Scottish Correspondent

BRITISH STEEL is to bring forward the closure of the Ravenscraig steelworks in Scotland to the end of next month. It says market conditions mean there will be no need for the plant's output after the date.

The company announced in January that it would close the remaining parts of the integrated steel complex, at Motherwell near Glasgow, "no later than September".

Shop stewards at Ravenscraig, which now employs 1,200 people, said the news had not come as a complete surprise.

Mr George Quinn, crafts convenor, said: "Most people inside the plant will be relieved because they now actually know when the closing date is. They are not hanging on."

Opposition politicians in Scotland reacted angrily. The Scottish National party said: "We now face the prospect of an efficient, productive industry being butchered while the largest single market for steel in Europe, the North Sea, lies off our coasts."

Mr Ian Lang, the Scottish secretary, whom British Steel informed shortly after releasing the news of the closure, said the early closure was regrettable, although it came as no surprise. It was now time to concentrate on plans for the

future of the Lanarkshire area, where an enterprise zone is to be created.

British Steel's action is a further sign of its difficulties. It said the market for strip products, in which Ravenscraig operates, had not improved since the January closure announcement.

Although demand in the UK was "not too bad", the company said, there was falling demand accompanied by uneconomic price levels in the European market. British Steel's two plants in south Wales had stocks to cope with current UK demand and any upturn from other markets.

The closure affects both Ravenscraig and the related ore and coal handling terminal at Hunterston on the Firth of Clyde.

The company is providing a counselling service for employees and will relocate some of them to other parts of the company.

The final shutdown of Ravenscraig started with the closure of its strip mill early last year, with the loss of 770 jobs. A further 1,245 jobs went last summer when British Steel closed one of the two working blast furnaces at the plant.

Last month Nucor, the US steel producer, said it would investigate the possibility of establishing a 1.5m-tonne-a-year mini-mill on a greenfield site in Scotland.

air europe



Package of trouble: holidaymakers grounded by the Air Europe failure last year. The industry hopes to provide comprehensive protection for package holiday customers

Reservations for return fares

Michael Skapinker on travel trade plans to help stranded tourists

IF Mr Michael Heseltine, the new trade and industry secretary, wants an early opportunity to justify his interventionist reputation, Britain's package tour operators are eager to help.

Mr Peter Lilley, Mr Heseltine's predecessor, proposed new regulations to help holidaymakers stranded abroad when their tour company collapsed. They are needed by the end of the year to act on a European Community directive on package holidays that requires buyers of package holidays, whether domestic or foreign, to be protected against corporate collapse.

Holiday companies say the Department of Trade and Industry's proposals would hugely increase costs and would, in some cases, offer travellers a lower level of protection than they enjoy now.

Mr Lilley had proposed that travel companies make their own arrangements to protect customers. They could either arrange a bonding or insurance scheme to cover all money they received as pre-payment from holidaymakers, or place all that money in a designated account. The money could be withdrawn only when the service to which it related had been performed.

A travel organiser who failed to have adequate cover would have committed a criminal

offence, the department said, "and this would be apparent if he became insolvent".

The travel industry's derision was uncontained. Holidaymakers who had lost their money or were stranded abroad would have to console themselves with the thought that at least their travel organiser would be prosecuted. In addition, leaving pre-payments in a designated account was impractical. Tour operators needed the money to make advance payments for travel and accommodation.

Since the general election, the travel trade has been asking the department to think again. It wants a licensing system that covers all package tourists going abroad, whether by air, land or sea.

Mr John Dunscombe, president of the Association of British Travel Agents (Abta), said: "We are an industry that depends on the total confidence of the public."

Customer protection is a travel industry obsession. Travel company failures, such as the collapse of Mr Harry Goodman's International Leisure Group (ILG) last year, are the tabloid reporter's dream. Poolside scenes of holidaymakers facing the prospect of stay-

ing in Majorca forever are the travel industry's nightmare.

The number of foreign holidays taken by British residents has increased from 8m in 1975 to 20m last year, of which 11m were charter airline package holidays. The travel industry fears that a succession of company failures would slow that growth.

The reality, Abta says, is that over the past 20 years no British tourist has lost money on a foreign package holiday.

The industry's accumulated experience since the collapse of Court Line and its Horizon and Clarkson Holidays subsidiaries in 1974 has led to the establishment of a system of consumer protection which, Abta says, is the most advanced in the European Community.

Providers of charter-based package holidays have to have an Air Transport Organiser's Licence (Atol) from the Civil Aviation Authority (CAA). They are required to have a bond, usually equivalent to between 10 per cent and 15 per cent of turnover, to ensure that payments are returned and holidaymakers repatriated if the company collapses. That is backed up by the Air Travel

Trust Fund. Many ferry-based holidays, but not all, are also well protected.

Companies selling ferry-based holidays often have a bond arranged by Abta or another trade body. If the bond is insufficient to cover the consequences of a company collapse, Abta's insurance makes up the shortfall. If that is exhausted, Abta members dig into their own pockets, as they did in last year's school-tour operator failures. Mr Dunscombe says, however, that an unknown number of ferry-based holiday companies is selling unprotected holidays.

Mr Richard Atkinson, managing director of Eurocamp, which sells camping and mobile home holidays, says the level of his company's bond under the DTT proposals would be between 30 per cent and 40 per cent of turnover. "We could do it, although it would be difficult for us. But it would drive others out of business."

The travel industry believes that the best way to implement the EC directive is to require every company taking travellers abroad to be licensed, under the control of a new independent authority set up to complement the existing Atol system.

The consumer would be protected and the industry would be happy. The DTT's new management should find the argument irresistible.

BP sheds 330 jobs in Scotland

By Neil Buckley

BRITISH Petroleum is to shed 330 jobs in its chemicals operation at Grangemouth, on the Firth of Forth in Scotland.

The losses are the result of a company-wide review of operations. The company said reorganisation and revised work practices at Grangemouth were essential if the plant was to remain competitive.

About 225 of the redundancies are among BP staff, the rest among contract and agency staff. They will be phased over 18 months, and the company said it hoped most could be achieved voluntarily. Grangemouth's oil and chemicals complex employs 2,050 people at present.

The cost-cutting programme has already brought redundancies at two of the company's four other UK sites. Four hundred jobs were announced at the company's plant in Hull, Humberside, and 120 at Baginbun Bay in south Wales.

The BP group last week announced an 80 per cent decline in first-quarter profit, which was insufficient to cover its dividend payment. The chemicals division, suffering in the recession, lost £22m, compared with a £24m profit in the same period last year.

Three hundred jobs will be lost following a decision by Asda, the supermarket group, to close 17 stores belonging to its Allied-Mapes carpet and furniture subsidiary. The closures follow a strategic review of the business. Allied Mapes blamed the recession for difficult trading conditions.

Jersey row sparks call for change

By Andrew Adonis

THE ROW between Britain and Jersey caused by the home secretary's dismissal of one of the island's judges may lead to its assembly seeking some constitutional changes.

Jersey's distinctive financial regime, however, and its status as an autonomous territory under the British Crown are not at stake in the dispute.

Earlier this week Mr Kenneth Clarke dismissed Mr Vernon Tomes, Jersey's deputy bailiff, a post combining judicial functions with the deputy speakership of the states, Jersey's autonomous assembly. The reason for dismissal was inefficiency in delivering legal judgments.

The decision angered many islanders, and Mr Tomes has announced his intention to stand for election to the states when elections are due in St Helier.

Moves are also afoot to split the judicial from the political functions of the deputy bailiff's post, to restrict the scope for future interference from London in the island's political affairs.

"Feeling here is strong," said Mr Pierre Horsfall, president of the states' finance and economics committee. "But there is no question of instability - or of any threat to the island's political and economic systems from mainland Britain."

The Queen, on the advice of ministers, appoints judges and a lieutenant governor for the island. Beyond that, Jersey enjoys almost complete fiscal and legislative autonomy from the British mainland.

Leak fury checks talks on Ulster

By Ralph Atkins

A ROW over the leaking of nationalists' plans for Northern Ireland yesterday overshadowed negotiations on the province's future, and reduced still further the chance of success in the "round table" talks in Belfast.

After an incident that deepened distrust between Unionists and the mainly Roman Catholic Social Democratic and Labour party, Sir Patrick Mayhew, the Northern Ireland secretary, said the leak "must have been calculated... to frustrate the talks".

His statement after a plenary session and bilateral meetings with the party leaders suggested that the day's exchanges had been dominated by the leak and had led to a fresh delay before real issues are debated. Last year's talks initiative failed because of similar, seemingly small but deeply

symbolic rows. A further plenary session has been called for Monday.

The SDLP proposed the appointment of six commissioners for Northern Ireland. Three would be elected locally and one each by the UK and Irish governments and the European Community.

The plan would horrify unionists - if only because of Dublin's enhanced role in the province's affairs - and the leaking of the SDLP document would increase pressure on Mr James Moynihan and the Rev Ian Paisley, the Unionist leaders, from their more extreme supporters to resist making concessions to the SDLP.

Sir Patrick's statement was, however, agreed by all the party leaders. He said: "For my own part I'm wholly satisfied that anyone who leaked this document had no vestige of authority to do so on behalf of any political party."

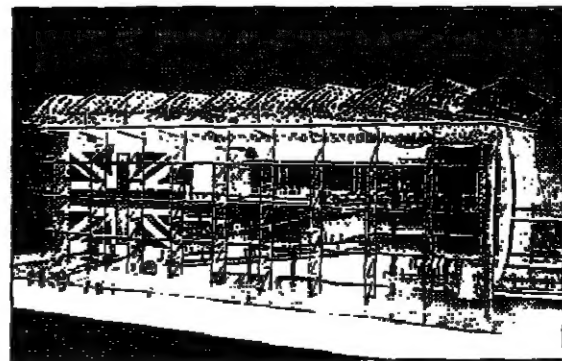
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Saturday May 16 1992

A long and dismal haul

EVEN FOR those who believe that a recovery is imminent, the economic news in Britain this week must have seemed unrelentingly awful. The bits that mattered could best be summarised in telegraphic form: inflation up, unemployment up, Olympia & York down. The only consolation for the government was that the recent election result has temporarily punctured the old joke about the economist's lag being the politician's nightmare. But that does not make it any less of a nightmare for everyone else. It also begs the question of what is happening to the economy now.

It is, of course, possible to put a gloss on the bad news. The jump in the year-on-year headline inflation rate from 4 per cent in March to 4.3 per cent in April was less than expected and reflected a number of price increases specific to April. These included the budget increases in excise duties and the annual rises in the poll tax, rents and water charges.

More worrying was the 12-month increase in average earnings, which was back up to 7.5 per cent in March after the February figure had been revised upwards from 7.25 per cent to 7.5 per cent. Here the mitigating factors were the wage by employers in March last year to postpone settlements as inflation came down, while this year they were paying bonuses early to pre-empt Labour's tax plans. Moreover, pay settlements, which are not fully reflected in average earnings until a year has elapsed, have been falling much faster than earnings.

Even so, the failure of average earnings to fall below 7 per cent after three years of flat disinflationary grind is a sorry outcome for the government's efforts. With the jobless total at 2.7m and rising, inflation in UK manufacturing earnings is still among the highest in the OECD area, outstripped only by Italy, Greece and Portugal. This curious dichotomy between North European hair shirt and Mediterranean indulgence raises awkward questions about the thrust of policy. A rate of interest that might be appropriate for the purpose of squeezing inflation out of the labour market has the unwelcome by-product of throttling over-indebted property companies and home owners. That is why the path towards economic recovery is proving so long and difficult.

The path for the bank creditors of Olympia & York Developments - a name that aptly captures the element of hubris in this Canadian-based group's global expansion - will be longer than most. Olympia & York is about to submit to a bankers' work-out. And with much of its \$2.7bn debt committed to Canary Wharf in London's Docklands it will do so partly under British monetary discipline.

That is important, because whereas North America has been seeking to escape from its debt overhang by reducing nominal interest rates and pumping reserves into the system, the British authorities remain, as we have seen, more preoccupied with inflation than debt. So any work-out for sterling debt will be very different from the last one in property during the mid-1970s.

Then, inflation was running at over 20 per cent. Real interest rates were negative and the real burden of debt was eroding rapidly. In the meantime, the impact of the property crash on the banks was partly blunted by historic cost accounting and valuers' delight of hand. This time inflation is lower and it offers less help to asset values. Positive real interest rates mean that the gap between income and debt service is widening painfully and inexorably. As a property entrepreneur aptly quipped, in thanking the outgoing chairman of Barclays this week for a speech, "we owe you more than we can ever repay."

In the absence of a dramatic shift in monetary policy, which seems unlikely with Britain in the ERM, this means that the problems of over-indebted property companies will continue to worsen. The question about the ability of the British banking system to finance an economic recovery becomes more acute by the day.

A tilt at windmills

IT IS EASY to be scornful of Mrs Margaret Thatcher's diatribe against the European Community. The immoderation of her language has confirmed the wisdom of the Conservative party in retiring her. Equating the "half-Europe" imposed by Soviet tyranny" with the objectives of the EC Commission is a ponderous calumny worthy of those who recently ruled east of the Elbe. The Brussels windmills at which she sits are grinding British liberties much less fiercely than she imagines.

The ex-prime minister does, however, perform a service in exposing contradictions in the Maastricht process. As she predicted in the past, many countries in practice are much less willing to transfer national powers to Community institutions than their Euro-rhetoric suggested. That is why the Germans are jibbing at abandoning the D-Mark. But that is also why Europe is not charging down the road towards a "super-state" in the manner Mrs Thatcher supposes.



O&Y
The men responsible for Canary Wharf sat on its 30th floor yesterday, deflecting criticism of the scheme that has brought the world's largest property developer to its knees.

"Wasn't the project a great disappointment?" insisted a questioner. Steve Miller, Olympia & York Development's chief bank negotiator, came back: "You are sitting in the most important commercial development in the country. I don't see how you can even ask the question."

That question, however, is being repeatedly asked by government ministers, tenants and, most of all, the bankers who are deliberating whether to put the project into administration. Whatever its fate, the project has played a disastrous role in draining O&Y's cash to a point where it has sought protection from its creditors under US and Canadian insolvency laws. The 4.5m sq ft office complex is only 60 per cent let.

But in one respect, Mr Miller had a point. As a construction project, Canary Wharf is an astonishing achievement. In just five years it has transformed a derelict area of disused docks into the highest-quality offices in the country. The scale and panache of the Canary Wharf buildings present an astonishing contrast to its surroundings.

Too astonishing, perhaps. The splendour of the development sits oddly with the neighbouring buildings on the Isle of Dogs and the shabby housing of the East End. Its critics in the neighbouring local authorities believe that a massive office complex is an inappropriate way of revitalising the area and its community. Its critics in the property market wonder whether the image of Docklands will ever be able to overcome the down-at-heel neighbourhood.

It is too early to assess whether the scheme will succeed or fail. In the long run, Canary Wharf could become a prestigious cornerstone of a revitalised East End. But in the near future it is hard to see the project living up to its developers' vision.

The goal of creating a third business centre to rival the City and West End was always ambitious. Certainly, Canary Wharf had little in common with the government's original intention for the area which, at the start of the 1980s, was a wasteland. The vision was a modest one. When Mrs Thatcher's first government set up an enterprise zone in the Docklands, it only expected to attract industrial companies to the area.

The stakes were quickly raised. Private developers, supposedly the best forecasters of demand, were willing to invest ever-larger sums in the Docklands. The London Docklands Development Corporation, set up in 1981 to oversee the regeneration of the area, also worked tirelessly in attracting new tenants. Even before O&Y arrived on the scene, the area enjoyed a feverish period of commercial and residential expansion.

At a time, the Docklands was a magnet for investment - attracting five times as much private money as public funds. But many who entered the market have regretted it bitterly. Well over half its buildings never found tenants, making the Docklands a developer's graveyard. The latest casualty is South Quay, the developer of a 300,000 sq ft building just across the water from Canary Wharf, which yesterday went into administrative receivership.

Tower of trouble on the waterfront

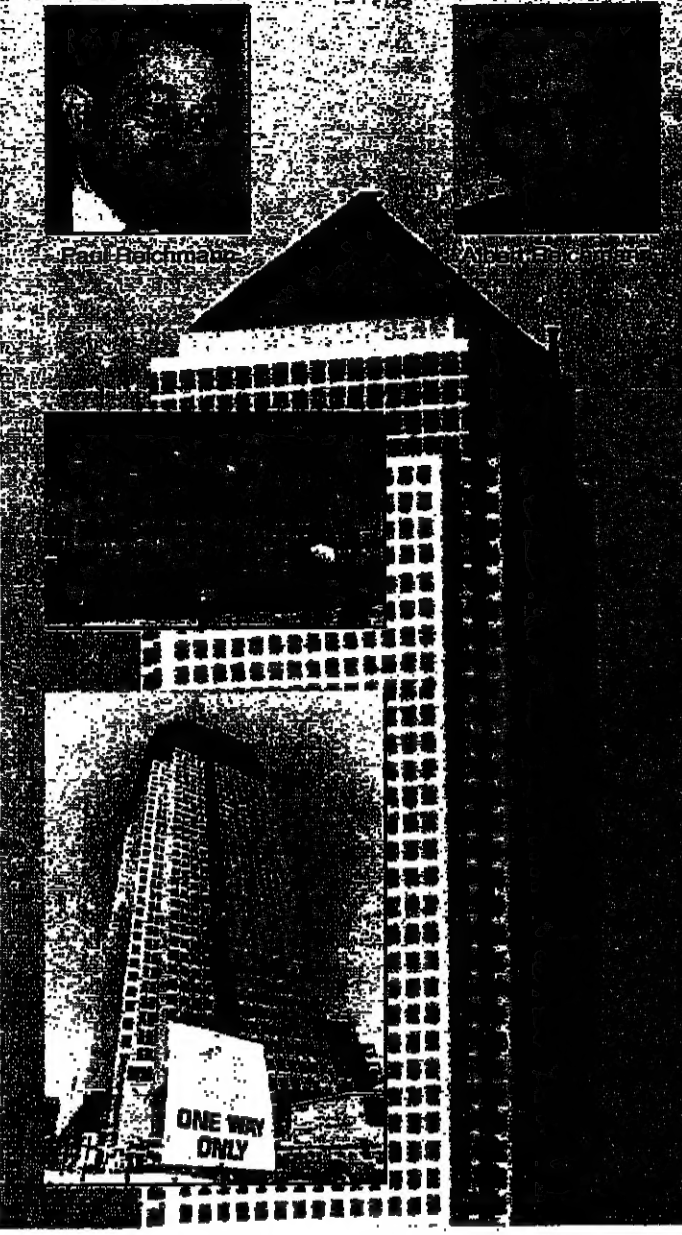
Olympia & York's crisis spells decision time at Docklands, says Vanessa Houlder

day went into administrative receivership.

The question now facing the Docklands is whether it can fulfil the lofty aspirations symbolised by the Canary Wharf project. Or will it take on a more modest role, poor relation to the business headquarters of Central London.

Part of the answer depends on whether it has already achieved sufficient momentum to build itself up as a centre for international companies in London. Canary Wharf already has an impressive roster of US-owned tenants, ranging from American Express, to Morgan Stanley, the investment bank, which could attract others to the area.

The ups and downs



But to a greater extent, the future of the Docklands rests with the government, which can influence events in two crucial ways. First, it is considering moving at least 2,000 and possibly up to 5,000 civil servants to the area. Second and equally important is its willingness to finance the extension of the Jubilee Underground Line, due to be completed in 1996 at a cost of \$1.7bn.

The government is divided on what to do. It is unwilling to send civil servants to the Docklands unless the future of the Jubilee Line extension is assured. But it is unclear whether Canary Wharf's banks will honour O&Y's commitment to fund the extension. The company is due to pay £100m over the next year and a further £500m when the line is completed.

If the banks refuse to provide the funds, some ministers would like the government to make up the difference. The cost, they argue, is a relatively small price to pay for salvaging the world's biggest urban redevelopment project.

The Treasury sees the matter in a different light. At a time of a ballooning budget deficit, it needs to cut expenditure. It thinks that Canary Wharf's owners will, eventually, be willing to help finance the Underground extension that will greatly add to the buildings' value.

An extra twist is provided by the negotiations with the Department of the Environment, which is moving from its current offices in Marsham Street and is considering several Docklands locations. Although the department was close to clinching a deal with Canary Wharf earlier this week, it has yet to see that it is obtaining the best possible value for money.

The government's need to find a satisfactory route out of this maze is complicated by the symbolic role that Canary Wharf has played as a flagship of the enterprise culture of the 1980s. The government cannot totally divorce itself from the fate of the project, which it promoted as a prominent example of a partnership between the public and private sectors.

The prime incentive for the government to rescue the project and the Jubilee Line extension lies in its commitment to develop the east of London. This is reflected in the concentration of infrastructure spending in the area, the routing of the high-speed rail link from the Channel through Stratford and the grandiose, although sketchily defined, plans for development along the East London Corridor, a tract of land stretching through Essex that is earmarked for urban renewal.

The three borough councils abutting the Docklands Development Corporation - Southwark, Newham and Tower Hamlets, gateway to the "East London Corridor" - are watching developments with anxiety.

For all three, Canary Wharf is a

symbol of hope - or more particularly, jobs. The Jubilee Line is seen as vital to reviving the whole area. Unemployment levels are high: about 19 per cent in the Peckham and Southwark and Bermondsey constituencies, and higher still in Bow and Poplar (21 per cent) - which includes the South Poplar district, for which the council is currently seeking urban regeneration funding under the government's City Challenge scheme.

East London regeneration projects are only weakly tied to Canary Wharf for the most part. But Tower Hamlets has recruitment, amenities and education agreements with Olympia & York, which may be nullified in the event of a collapse.

"Development in the southern

side of the borough was driven by Docklands," says Mr Janet Laidlaw, the Tower Hamlets representative on the Docklands Development Corporation. "It's slumped since the recession, but could take ages to revive if Olympia & York go under."

There is a certain irony in the possibility that the government will come to the rescue of the project. A key reason for Canary Wharf's problems has been the slow progress made by the Department of Transport in improving the Docklands' transport links.

O&Y's executives were incensed at the inefficiency and poor management of the Docklands Light Railway, which sullied the reputation of the entire area. When O&Y appeared before the House of Commons transport committee in 1990, it said the average delays experienced by DLR passengers were between 10 and 100 times greater than those found on any comparable system in the world.

Transport has not been the only problem facing O&Y and other Docklands developers. Canary Wharf might have pulled its ambitious plans off had it not been for the deepest slump in London commercial property prices in living memory.

The recession bit at the same time as a record number of new buildings came on stream, the legacy of the property boom of the late 1980s. There is now no shortage of large, modern air-conditioned buildings in the City where one in five buildings is empty.

Together with other Docklands projects Canary Wharf inspires mixed reactions from its tenants, with some bemoaning a shortage of shops, difficult transport and a sense of isolation. However, the developments also have ardent admirers, whose enthusiasm is undimmed by O&Y's problems.

"Whatever happens to the owners, it is still an extraordinary facility," said Mr Jerry Roberts, general manager of Ogilvy and Mather Europe, the advertising agency. "There is still a tremendous shortage of this kind of quality of place with as much flexibility as one has in Canary Wharf."

But O&Y has had difficulty in persuading UK companies of the merits of the high-quality, large buildings at Canary Wharf, leaving the overwhelming majority of buildings to North American tenants. The developers found many UK companies resisted moving. "We have to identify people who have the courage and personal leadership skills to risk the disdain of their colleagues," said a senior O&Y executive last year.

Is there, the developers mused, something intrinsically conservative about the British that deterred them from pioneering a new district? Were they so prejudiced against the East End that they could not see its potential? Were they so tightly bound to familiar streets and watering holes that they were unwilling to explore new locations?

The fate of London's Docklands hangs in the balance. If the Jubilee Line extension is completed and the government takes a lead in mopping up the surplus space, it will have gone some way to overcoming the psychological barriers of potential tenants as well as its physical isolation. The development of the area moved faster and further than anyone thought possible during the 1980s. Decisions made in the next few weeks will determine whether that impetus has been lost for good.

MAN IN THE NEWS: Sir James McKinnon

Iron hand in a regulator's glove

Mr Robert Evans, chairman of British Gas, will be smouldering over his gas-fired barbecue in Eastbourne this weekend at the ignominy of being forced to cut domestic gas prices. Sir James McKinnon, who as head of the Office of Gas Supply, the industry regulator, is Mr Evans' adversary in the gas price wars, can relish another victory for the consumer.

For Sir James, forcing British Gas to cut its prices marks the latest triumph in a struggle to shake the company out of the complacency stemming from its long-held position as monopoly supplier to the UK's 17.8m household customers. Sir James's soft Glaswegian burr and his polite manner conceal a gladiatorial spirit which British Gas has repeatedly misjudged in the stormy six-year relationship following the company's privatisation in 1986.

But the latest row, which erupted two weeks ago when Sir James called for a price cut on an early-morning radio programme, has pushed relations between regulator and supplier to a nadir. Many industry observers question whether the company and Ogas will be able to hold a constructive dialogue again.

The fact that Sir James has emerged as the victor from his disputes with the company and that Mr Evans has complained many times to the government about his interference, have cast Sir James in the role of the consumer's champion. It is a role he relishes. There is little doubt of his delight in being in the public eye or of his skill in conducting his debates with British Gas through the columns of the newspapers.

But as Mr Ian Powe, director of



the new pricing formula and the overhaul of the industrial gas market accepted by British Gas only under threat of a referral to the Monopolies and Mergers Commission, which could prove more punitive.

The relationship was not initially envisaged as being quite so combative. When Sir Peter Walker found the then Mr McKinnon for the regulator's job, he was hoping to appease Sir Denis Rooke, chairman of British Gas at privatisation and outspoken advocate of a monopoly gas supplier. Sir James was cast as a retired accountant who would be glad of a cosy sinecure.

Sir James, a lorry driver's son, had been with the Imperial Group for nearly 20 years - eight of those as finance director. He left the company when Hanson took it over in 1986, having staunchly resisted the hostile bid. Close associates of Sir James say he believed he did not get the recognition due to him at the Imperial Group and, far from

being a spent force, he was looking for a new challenge.

The seeds of his relationship with British Gas were sown in his early days in office. On taking up the post he said: "It would be a mistake to think that we will be confronting the British Gas Corporation in any sense. Our job is to ensure that it carries out what it is supposed to do."

But very quickly he ran into the formidable personality of Sir Denis, who refused to refer to Sir James by name, calling him, even to his own staff, the director-general. Sir James's initial attempts to elicit information from British Gas relevant to his regulatory role were met with blank refusals and later reluctance and obfuscation. He soon realised he would have to be tougher or fail to make a mark altogether.

Sir James's job was not made any easier by the manner in which British Gas was privatised - in retrospect, many in the industry believe the company should have been broken into competing regional companies as in the electricity industry. Sir James deserves credit for working towards competition while saddled with what remains essentially a monopoly structure.

A staunch believer in competition and free markets, he must receive the plaudits for pushing for a better deal for consumers in spite of his publicity-conscious methods. Mr Peter Nicol, industry analyst at SG Warburg, the securities house, says: "He has probably taken British Gas to an entirely different place in 1992 than was envisaged in 1986."

But Mr Powe at the Gas Consumers' Council believes that it is now time to start offering some olive branches and toning down the public acrimony between Sir James and British Gas before the disputes destroy British Gas's credibility altogether. But both sides have dug in their heels and without a change at the top of either body, the relationship is likely to remain sour.

Deborah Hargreaves

MORSE

Sun's big day out.

Sun Microsystems Computer Corporation.
A major product launch. On May 19th 1992.

(WATCH THIS SPACE)

Sun Microsystems Computer Corporation
Authorized Reseller of the Year 1991

Morse Computers Ltd. 081-876 0404.

"In the middle ages the Bartholomew's Fair market was shut down for debauchery. I wouldn't suggest retailers go so far today but at least they realised then that the only way to get people to travel long distances and sleep in ditches on the way was to offer them entertainment. We have lost sight of what retailing is all about," he says.

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People who hark back to yesterday's dreams may try to escape down nationalistic paths of salvation. The only way of harking off such routes is to open the road to Europe. This demands great effort and solidarity. If we fail in that task, we will face incalculable consequences for our own stability and prosperity.

The author is German foreign minister. He retires on Monday after 18 years in office.

This is the first in an occasional series on European issues

for him to argue the purpose of the company as being to "enhance shareholder value" and imply that company results achieve this purpose. They do not. The average plc dispenses 50 per cent of value added to employees and 5 per cent to shareholders in dividends.

We do need to rethink the company. This needs to start from an understanding of why the model of shareholder democracy no longer works so well. Most large investing institutions have neither the inclination nor the expertise to exercise their ownership rights" is a view in the US.

Barry Riley cites the triumph of "managerial" over "entrepreneurial" capitalism and points to the "hefty remuneration to top executives" as a symptom.

The concept of shareholder democracy and the role of the private shareholder should be central to our re-thinking. That is why a number of private shareholders are establishing a UK Private Shareholder's Association to help them perform more effectively their ownership role.

Donald B Butcher,
12 Burgh Heath Road,
Epsom, Surrey TW20 4JW

franky ideas of the New Right were given full rein in Britain and the US with disastrous social and economic consequences. For examples of this you need look no further than the riots of Los Angeles, or the sheer depth of the British recession.

The New Right has enjoyed unrestrained political power in the US and Britain for 12-13 years. There is no-one else *adherens* can blame this time.

Ironically, the "real culprit" is our blind faith in the "free market" which has been elevated to almost mystical status.

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Hence the zealots of the right haven't discovered the philosopher's stone but merely a rich seam of political prejudice.

There are three lessons to be learned from the 1980s: markets don't always get it right; government does have a role to play; creating a huge underclass harms society at all levels.

Canary Wharf, the biggest office development in the world, is merely one of the more visible mistakes of the markets in the 1980s. It should be re-named Turkey Tower.

Joe Cryan,
169 Mustley Hill,
Ware,
Berkshire

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INTERNATIONAL COMPANIES AND FINANCE

Most of Japan's leading brokers end year in red

By Robert Thomson in Tokyo

LEADING Japanese securities houses yesterday revealed worse than expected results, with 12 of the largest 14 houses reporting after-tax losses for the year ended March 1992, and all cautious in their predictions

RESULTS OF THE BIG FOUR BROKERS (year ended March 1992 in Ybn)			
	Operating income	Pre-tax profit/loss	After-tax profit/loss
Nomura	421.7 (888.3)	44.1 (233.5)	31.6 (105.5)
Daiwa	321.1 (477.4)	9.3 (119.3)	-43.5 (59.6)
Nikko	287.9 (376.8)	3.1 (72.9)	-25.9 (39.7)
Yamaichi	291.4 (360.2)	-36.5 (67.5)	-63.2 (38.6)

for the current year. Of the Big Four houses, only Nomura Securities reported an after-tax profit, while two others, Daiwa Securities and Nikko Securities, reported sharply lower pre-tax profits and after-tax losses. Yamaichi Securities made a pre-tax loss of ¥36.5bn (\$36m), a turnaround from profits of ¥67.5bn in 1990-91.

The houses, most of which are cutting their dividends, blamed the poor results on falling stock prices, low trading turnover, and the costs and consequences of the financial scandals of the past year. The 10 second-tier companies fared even worse. Nine

announced pre-tax losses with Kanak Securities hit hardest with a loss of ¥4.5bn. The results have raised doubts about the ability of some second-tier brokers to survive without a lowering of ambitions and a restructuring of their operations.

Damage is even greater at the second-tier brokers, with Yamakura Securities formally announcing a financial action plan in the wake of a ¥26.4bn after-tax loss. The company, along with Cosmo Securities, was forced to pay compensation to settle disputes with clients over *tochashi* - the shuffling of stocks from account to account to avoid the booking of losses.

Yamatane is seeking interest rate cuts from its leading banks, while other second-tier companies are closing unprofitable domestic and foreign offices, and cutting their staff intake.

Sanyo Securities, which reported a pre-tax loss of ¥29.6bn, said yesterday that offices in Madrid, Milan and Toronto will be closed next month. The collapse of the market was reflected in large losses seen on the brokers' own securities dealings, with Yamaichi announcing a ¥36.9bn loss in stock dealings, Daiwa a ¥19.4bn loss, and Kanak a ¥11.8bn loss.

Of the Big Four brokers, only Nomura will keep its dividend unchanged at ¥18 a share, while Daiwa will cut its payout from ¥14 to ¥9, Nikko from ¥13.5 to ¥8.5, and Yamaichi from ¥13.5 to ¥7.5.

FIAT, the Italian car and industrial group, surprised analysts yesterday with a deeper than expected cut in its dividend for 1991. The company cut its ordinary share dividend by almost 38 per cent to L330 from L370 in 1990. The payment on savings shares was cut by L140 to L560.

Net profits after minority interests fell to L1.14bn (\$894.8m) from L1.61bn. The result caused some confusion, largely because of the unexpected drop in minority interests to L1.62bn from L523bn.

At the pre-tax level, around half of the L1,690bn profit made last year was accounted for by extraordinary items, notably the sale of the Telettra subsidiary.

Turnover rose by 1.4 per cent to L54,029bn. This figure includes Ford New Holland, acquired last year and consolidated from May. Stripped of this purchase, Fiat turnover fell by 1.3 per cent to L53,489bn.

Fiat, chaired by Mr Giovanni Agnelli, said the lower earnings stemmed from slower economic growth and cut-throat competition at a time of heavy investment. Profits at the car unit fell to L3,864bn from L7,811bn on turnover of L37,506bn against L37,875bn. Unit sales slipped by 3 per cent to 2.06m.

Results in industrial vehicles, divided between Iveco (trucks) and NE Gettech (farm and construction equipment), highlighted the crisis in that sector. Fiat's losses were exacerbated by acquisitions in both areas. Swollen by the purchase of Enase in Spain, Iveco swung to a loss of L423bn, from profits of L453bn. A L155bn loss at Ford New Holland hit Gettech, which reported a divisional loss of L452bn, up from L238bn. Losses at the Magneti Marelli car components unit rose to L144bn from L36bn.

By contrast, the state owns 51.5 per cent of ENI. France is selling parts of public industry mostly to help finance the growing budget

deficit, set to rise from FF135bn this year to FF150bn next. It has also sold shares recently in Crédit Local de France, a public authority bank.

The Total sell-off took the market by complete surprise. The shares closed yesterday at FF280, capitalising Total at FF280bn, or ten times this year's estimated earnings. The government has chosen a good moment in Total's fortunes to announce its privatisation. Last month the group announced a 41.5 per cent rise in 1991 profits to FF850bn after tax. However, uncertainty hangs over the future of its chairman, Mr Serge Tchuruk, whose three-year mandate expires next February.

In theory, it is up to the government to decide his replacement, though it was not clear yesterday whether the state will keep this right after the share sale.

As part of the sell-off, the government is also offering to exchange non-voting shares, or *certificats prioritaires*, for ordinary shares at a rate of four for three.



Giovanni Agnelli: payout cut almost 38 per cent

Size of Fiat dividend cut surprises

By Haig Simonian in Milan

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Foster's wooed in A\$5.7bn merger

By Kevin Brown in Sydney

SA BREWING, the Australian drinks and manufacturing group, yesterday proposed an A\$5.7bn (US\$4.5bn) merger with Foster's Brewing, the brewing, pastoral and finance group formerly controlled by Mr John Elliott.

The merger would create Australia's fifth biggest company, and largely resolve the financial problems of Mr Elliott's International Brewing Holdings (IBH), a private company which owns 38 per cent of Foster's.

Mr Ross Wilson, SA Brewing chief executive, said he had "initiated and developed" the proposal, which is conditional on the appointment of SA Brewing nominees as chairman and chief executive of the merged group.

However, the merger also forms the central element of a debt restructuring plan presented yesterday by IBH to its banks. IBH has debts of about A\$2.5bn, acquired to finance the purchase of Foster's shares now worth A\$1.6bn.

The board of Foster's said it

would consider the offer, but is almost certain to reject it. The board is understood to have turned down a similar approach from SA Brewing in March.

The offer will also face scrutiny by the Trade Practices Commission, which indicated that it was concerned about the possibility of a further reduction of competition in the highly concentrated beer market.

The plan provides for a new holding company to issue one share for each SA Brewing share, and one for each 1.5 shares in Foster's. There would be no cash alternative.

The offer values Foster's shares at a premium of three cents to last night's closing price of A\$1.90. SA Brewing shares would be worth A\$2.90, compared to the market price of A\$3.07.

However, SA Brewing believes the deal would unlock substantial extra value for shareholders by removing the uncertainty about IBH's financial position, which has depressed Foster's share price for the last two years.

This would be achieved through the reduction of the IBH stake in the merged company from an initial 28 per cent to 7.5 per cent.

IBH would exchange its rights to about 14.5 per cent of the merged group for perpetual convertible notes, exchangeable for shares after two years. The merged group would then underwrite the sale by IBH of about 6 per of its remaining holding.

If its bankers approve, the deal would provide IBH with about A\$345m in cash for immediate payment of overdue interest, and allow it to secure the bulk of its debt against the convertible notes and remaining shares. IBH would also gain a reliable stream of dividend and interest payments.

SA Brewing said the "significant financial strength" of the merged group would provide "substantial benefits" to shareholders by removing the uncertainty about IBH's financial position, which has depressed Foster's share price for the last two years.

The merger is dependent on the approval of the directors and shareholders of both companies, and the creditors of IBH, led by Hongkong Bank Australia, Citibank, and BNP, Australia's biggest company.

SA Brewing is a diversified Adelaide-based company, which dominates the south Australian beer market, and has substantial interests in home appliances and packaging.

Foster's, Australia's biggest brewer, owns Courage in the US, and half of Molson Breweries in Canada.

The group has been in turmoil since losing a record A\$1.5bn in 1989/90, largely as a result of write-offs connected with non-brewing activities acquired during Mr Elliott's reign as chairman and chief executive.

The group has since sought to refocus itself as a pure brewing operation, but has been unable to dispose of non-core assets worth about A\$2.8bn. The board warned last week it may be forced to write-down the value of non-core assets again this year, which could affect its ability to pay a dividend.

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MGM-Pathé reduces first quarter deficit

By Karen Zagar in New York

MGM-Pathé Communications, the financially troubled Hollywood studio controlled by Crédit Lyonnais, the French state bank, yesterday reported a first-quarter net loss of \$54.7m against a deficit of \$100.6m a year earlier.

The company reduced operating losses to \$14.4m from \$24.6m. Revenues were little changed at \$298.5m compared with \$282.5m.

It attributed the narrower deficit to lower write-downs on films and television programming, a tighter control of general corporate expenses and the absence of significant reserves in the 1991 period. Those reserves, adding up to \$44.8m, were taken to cover the possibility that investments and affiliate loans made by prior management, led by the unpredictable Italian financier Mr Giancarlo Pirelli, might not be recoverable or collectible.

During the latest quarter, MGM-Pathé's interest expense rose to \$36.5m from \$33.5m.

Paris plans \$1.7bn sale of Total shares

By William Dawkins in Paris

THE FRENCH government plans to sell FF1.7bn (\$1.7bn) worth of shares in Total, reducing its direct stake in the state-controlled oil group to 5 per cent.

This is by far the largest in the recent programme of partial privatisations, following the FF2bn sale of a 2.3 per cent stake in Elf Aquitaine, Total's larger state-controlled rival, two months ago.

It also marks the renunciation of the French state's 70-year-old policy of treating the country's oil companies as a strategic arm of France's energy policy.

The government will sell through the Paris bourse 19 per cent of Total's shares, reducing the state held by the state and the public sector from 34 per cent to 15 per cent. It will also surrender double voting rights held since the 1920s to reduce its votes to 5 per cent.

By contrast, the state owns 51.5 per cent of ENI. France is selling parts of public industry mostly to help finance the growing budget

deficit, set to rise from FF135bn this year to FF150bn next. It has also sold shares recently in Crédit Local de France, a public authority bank.

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As part of the sell-off, the government is also offering to exchange non-voting shares, or *certificats prioritaires*, for ordinary shares at a rate of four for three.

RWE, Endesa plan shares link

By Peter Bruce in Madrid

THE TWO biggest electricity utilities in Germany and Spain, RWE and Endesa, are understood to be close to agreement on a major exchange of shares.

RWE officials in Essen confirmed yesterday that the two companies were in negotiations but said no agreement had yet been reached. In Madrid, however, it has been reliably learned that RWE and Endesa have agreed in principle to exchange up to 10 per cent of their stock with each other.

Until now, the Spanish Government has refused to allow foreign utilities to take stakes in Spanish generators and distributors. But earlier this week the large Spanish private sec-

Another US retailer bites the dust

By Nikki Tait in New York

ANOTHER sizeable US retailer bit the dust yesterday, as New York-based Alexander's closed the doors of its 11 department stores - all in the metropolitan New York region - and announced that they would not reopen.

The company itself filed for protection from its creditors under Chapter 11 of the US bankruptcy code, and will now attempt to reorganise as a property company. In the mid-1980s, annual turnover at Alexander's topped \$500m, and until recently the stores group employed over 7,000 people.

Alexander's move comes amid some signs of improved consumer spending levels in the US. However, the company has been making losses for years; in the last 24 months alone, the deficit from retail operations reached \$40m, and management said yesterday that the losses were projected to continue.

The chain was once viewed as a "middle market" operator competing with the likes of Macy's and Gimbels. Some of its store sites are still fairly attractive, including one on Lexington Avenue, a stone's throw from Bloomingdale's.

At one stage, Donald Trump acquired a 27.3 per cent stake in the company, but this was subsequently repurchased by his bank lenders, led by Citicorp.

Landis & Gyr boosts sales

By Ian Rodger in Zurich

LANDIS & GYR, the Swiss building and energy controls and telecoms equipment group, said half-year sales rose 17 per cent to SF1.45bn (\$84m). But excluding currency gains, the sales growth was only 11.4 per cent. The order book at end-March was 1.7 per cent lower than a year earlier in nominal terms. 6.4 per cent lower after currency adjustment.

The directors still expected full-year net profits would be above last year's SF362.5m.

A slowdown in tourism hit

Perrier blames 9% fall on impact of Gulf war

By William Dawkins in Paris

SOURCE PERRIER, the celebrated French mineral water group recently taken over by Nestlé, the Swiss food multinational, yesterday reported a 9.2 per cent decline in net profits for last year.

France's leading mineral water group attributed the earnings decline, to FF325m from FF338m in 1990, to the economic impact of the Gulf war.

A slowdown in tourism hit

WEEKLY PRICE CHANGES			
	Latest prices	Change on week ago	High 1992 Low 1992
Gold per troy oz	\$339.40	+3.5	\$337.80 \$403.25
Silver per troy oz	\$228.40	-3.58	\$226.30 \$280.55
Aluminium 99.7% (cash)	\$1302.75	+5.75	\$1312.10 \$1570
Copper Grade A (cash)	\$1225.15	-16.75	\$1237.5 \$1475
Nickel (cash)	\$286.25	-7.75	\$282.5 \$382.5
Zinc 25% (cash)	\$272.25	+20	\$269.00 \$327.75
Lead 25% (cash)	\$175.15	+26	\$161.00 \$237.5
Tin (cash)	\$5160	+212.5	\$5770 \$577.5
Coconut futures (Jul)	\$278	+13	\$2513 \$285
Coffee futures (Jul)	\$278	+13	\$2513 \$285
Sugar (LDP Raw)	\$24.4	-1.1	\$20.00 \$293
Wheat futures (Sep)	\$138.20	-0.3	\$137.95 \$142.95
Wheat futures (Jul)	\$122.75	-1.1	\$123.55 \$141.10
Cotton futures index	\$1.20	0	\$1.20 \$4.45
Wool (May Blend)	\$259	-4	\$275 \$280
Oil (Brent Blend)	\$19.575	-0.05	\$19.575 \$20.15

For terms unless otherwise stated (rounded percentages, cents 1/100)

London Markets

SPOT MARKETS			
	Latest prices	Change on week ago	High 1992 Low 1992
Crude oil (per barrel FOB)	\$21.00	+0.10	\$20.00 \$22.00
Dubai	\$17.10	+0.10	\$16.00 \$18.00
Brent Blend (diesel)	\$17.10	+0.10	\$16.00 \$18.00
Brent Blend (oil)	\$17.10	+0.10	\$16.00 \$18.00
WTI (per barrel)	\$20.00	+0.10	\$19.00 \$21.00

Oil products			
	Latest prices	Change on week ago	High 1992 Low 1992
UK petrol (per gallon)	\$2.20	+0.01	\$2.10 \$2.30
UK diesel (per gallon)	\$2.10	+0.01	\$2.00 \$2.20
UK kerosene (per gallon)	\$2.00	+0.01	\$1.90 \$2.10
UK naphtha (per gallon)	\$1.90	+0.01	\$1.80 \$2.00

Metals			
	Latest prices	Change on week ago	High 1992 Low 1992
Gold (per troy oz)	\$339.40	+3.5	\$337.80 \$403.25
Silver (per troy oz)	\$228.40	-3.58	\$226.30 \$280.55
Aluminium (per troy oz)	\$1302.75	+5.75	\$1312.10 \$1570
Copper (per troy oz)	\$1225.15	-16.75	\$1237.5 \$1475
Nickel (per troy oz)	\$286.25	-7.75	\$282.5 \$382.5
Zinc (per troy oz)	\$272.25	+20	\$269.00 \$327.75

Equity market closes on cautious note

YOU'LL FIND DAILY FT COMMENT ON FAR MORE THAN FINANCE.

Our week begins with a regular Architecture feature and the MONDAY in-depth interview with a leading figure from the business world, politics or the arts. Monday is also Diary Day, so you can look ahead to what the business, parliamentary and financial week has in store.

The first of the FT Law Reports is on TUESDAY together with a feature on Small Business and the daily Management and Technology pages.

On WEDNESDAYS, you will find pages of top management positions on offer (non-financial as well as financial). We also take our weekly look at Business and the Environment.

In THURSDAY'S FT we focus on, among other things, Accountancy, Marketing and Advertising.

On FRIDAYS, it's the turn of Industrial and Commercial Property.

As you can see, you'll find far more than you may think in the pink pages. Pick up a copy of Monday's paper and get your FT comment daily.

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Continued on next page

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SEC FUND	Net Assets	YTD Return	1-yr Return	3-yr Return	5-yr Return	10-yr Return	15-yr Return	20-yr Return	25-yr Return	30-yr Return	35-yr Return	40-yr Return	45-yr Return	50-yr Return	55-yr Return	60-yr Return	65-yr Return	70-yr Return	75-yr Return	80-yr Return	85-yr Return	90-yr Return	95-yr Return	100-yr Return
Global Asset Management - Cont'd.																								
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Graville Management Limited,

[illegible]

Logan DTC Inc MAY 11	59 33	100
JF Pac Wtr MAY 12	13 68	100
JF Ala Wtr MAY 12	51 17	100
JF Washington MAY 12	59 11	100

[illegible]

NAY May 21	59 6874	1	1	-
Malaysia Select Fund Ltd				
NAY May 22	510 4300	1	1	-

[illegible]

Second Low Performer Fd.	DK258.0	297.0	139.0
Second High Performer Fd.	DK258.0	298.0	139.0
High End Int'l Fd.	OM172.0	175.0	139.0
Low End Fd. (Domestic)	DK180.0	151.0	139.0

[illegible]

North Star Food Managers (Cayman) Ltd

Low Risk Fund	04/25/20	260.0	Wells Fargo U.S. IT Fund		
High Profit Fund	06/25/20	250.0	Wells Fargo S&P 500	\$10.92	-0.03
Small Fund	06/25/20	120.0	Wells Fargo S&P 500	\$10.31	-0.06
Second Low Risk Fd	07/25/20	120.0			
High Return Fd	07/25/20	120.0	Worldwide Limited		
Mixed Fd	08/12/20	170.0	NAV Mar 31	\$100.22	
Lowest Fd Growth	08/12/20	150.0			
High Profit Fd Growth	08/17/20	140.0	XAVIS International Investment Fd Ltd		
Mixed Fd Growth	09/13/20	140.0	XAVIS Inc USD	\$5.0760	
Mixed Fd Growth	09/13/20	140.0	XAVIS Inc ECU	£0.0704	

High Security Bld	100.00	100.00	---	---
High Income Fd...	12.6	12.7	---	---
Dollar Growth Fd..	1.44	1.45	---	---
Dollar Income Fd	1.22	1.23	---	---

US Capital	14.4
US Growth	14.4
US Savings	14.4
US Small	14.4
US Tech	14.4
US Value	14.4
US World	14.4
US Bond	14.4
US Div	14.4
US Int'l	14.4
US Real	14.4
US Energy	14.4
US Health	14.4
US Life	14.4
US Auto	14.4
US Food	14.4
US Retail	14.4
US Telecom	14.4
US Media	14.4
US Utilities	14.4
US Chemical	14.4
US Aerospace	14.4
US Defense	14.4
US Shipping	14.4
US Air	14.4
US Marine	14.4
US Rail	14.4
US Pipeline	14.4
US Power	14.4
US Water	14.4
US Waste	14.4
US Recycling	14.4
US Environmental	14.4
US Social	14.4
US Human Rights	14.4
US Peace	14.4
US Democracy	14.4
US Freedom	14.4
US Justice	14.4
US Law	14.4
US Medicine	14.4
US Science	14.4
US Technology	14.4
US Innovation	14.4
US Creativity	14.4
US Art	14.4
US Music	14.4
US Film	14.4
US Television	14.4
US Radio	14.4
US Internet	14.4
US Computing	14.4
US Software	14.4
US Hardware	14.4
US Electronics	14.4
US Telecommunications	14.4
US Media & Entertainment	14.4
US Consumer Goods	14.4
US Retail & Wholesale	14.4
US Food & Beverage	14.4
US Healthcare	14.4
US Pharmaceuticals	14.4
US Biotechnology	14.4
US Chemicals	14.4
US Aerospace & Defense	14.4
US Shipping & Logistics	14.4
US Air & Space	14.4
US Marine & Maritime	14.4
US Rail & Transportation	14.4
US Pipeline & Energy	14.4
US Power & Utilities	14.4
US Water & Environmental	14.4
US Waste & Recycling	14.4
US Social & Environmental	14.4
US Human Rights & Peace	14.4
US Democracy & Freedom	14.4
US Justice & Law	14.4
US Medicine & Science	14.4
US Technology & Innovation	14.4
US Creativity & Art	14.4
US Music & Film	14.4
US Television & Radio	14.4
US Internet & Computing	14.4
US Software & Hardware	14.4
US Electronics & Telecommunications	14.4
US Media & Entertainment	14.4
US Consumer Goods	14.4
US Retail & Wholesale	14.4
US Food & Beverage	14.4
US Healthcare	14.4
US Pharmaceuticals	14.4
US Biotechnology	14.4

MANAGED FUNDS NOTES	
PRICES are in U.S. dollars. All prices are for shares of \$10.00 each. All prices are for	

Factors

US MARKETS (3:00 pm)[illegible]

[illegible]**Stocks Closing**

Malayan Utd Ind	2.56	-0.01
Marl Purpos	1.07	-0.01
Public Bk	1.41	+0.01
Time Bk	3.96	-0.10

SINGAPORE		
May 16	SS	+ or -
Cold Storage	2.60	
PBS	11.30	
Fraser & Neave	2.70	
Genting	2.71	-0.05
Haw Par	2.70	-0.05

CANADA

Tai Lee Bank	3.28	+0.04
UOB	6.65	

Price data supplied by Telexplus.

NOTES -- Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Not available if dealings suspended or Ex. Aborted, or Ex. again, or Ex.

Player	Team	Pos	Age	Height	Weight	Experience	Salary	Contract	Notes
1. Wayne Nicksles	Los Angeles	QB	27	6' 2"	205	3	\$1,200,000	4 years	Right tackle
2. Larry Rasmussen	Los Angeles	QB	27	6' 2"	205	3	\$1,200,000	4 years	Right tackle
3. Wayne Nicksles	Los Angeles	QB	27	6' 2"	205	3	\$1,200,000	4 years	Right tackle
4. Wayne Nicksles	Los Angeles	QB	27	6' 2"	205	3	\$1,200,000	4 years	Right tackle
5. Wayne Nicksles	Los Angeles	QB	27	6' 2"	205	3	\$1,200,000	4 years	Right tackle
6. Wayne Nicksles	Los Angeles	QB	27	6' 2"	205	3	\$1,200,000	4 years	Right tackle
7. Wayne Nicksles	Los Angeles	QB	27	6' 2"	205	3	\$1,200,000	4 years	Right tackle
8. Wayne Nicksles	Los Angeles	QB	27	6' 2"	205	3	\$1,200,000	4 years	Right tackle
9. Wayne Nicksles	Los Angeles	QB	27	6' 2"	205	3	\$1,200,000	4 years	Right tackle
10. Wayne Nicksles	Los Angeles	QB	27	6' 2"	205	3	\$1,200,000	4 years	Right tackle

WORLD STOCK MARKETS

AMERICA

Factors combine to send Dow lower

Wall Street

The combination of bankruptcy filings by the property developer, Olympia & York, and expiration of stock index futures and options pushed US share prices lower yesterday morning, writes Patrick Harverson in New York.

By 1pm the Dow Jones Industrial Average was down 10.98 to 3,357.50, but off lows more than 20 below that. The more broadly-based Standard & Poor's 500 was also lower at mid-session, down 1.91 to 131.58, while the Nasdaq composite fell 2.50 to 574.19. NYSE turnover was 97m shares by 1pm, and for the second consecutive day declines outnumbered rises by a ratio of almost two to one.

A bigger-than-expected 0.9 per cent rise in April industrial production failed to lift sentiment, which has been depressed since the Dow reached a record high on Monday. Since then prices have taken profits and expressed concern that the market may have been overbought in recent weeks.

The "double witching" expiration of stock index futures and options added to the downward pressure on prices, as did the overnight news that Olympia & York had filed for protection from its creditors under Canadian and US bankruptcy laws. There was some support, however, from the bond market, where news from the Philadelphia Federal Reserve of a weakening in local business conditions lifted prices at the

long end, in the process lowering the yield on the 30-year bond to just over 7.8 per cent. The troubles at O & Y's prime lending banks were hardest hit, troubled by worries that they will have to make further bad debt provisions or loan write-offs in the wake of the bankruptcy. Citicorp fell 1/8 to 59 1/8, Chemical by 1/8 to 33 1/4, and J.P. Morgan by 1/8 to 55 1/4. Among others, BankAmerica eased 1/8 to 48 1/4, Bankers Trust lost 1/8 to 48 1/4, and Chase Manhattan gave up 1/8 to 48 1/4.

ADRs in Unilever fell 1/8 to 102 1/4 in busy trading after the Anglo-Dutch conglomerate reported first quarter profits of 26 cents a share, down from 34 cents a share a year ago.

On the Nasdaq, Centocor, heavily battered by the recent correction in biotech stocks, rose 1 1/2 to 81 1/4. Thursday's news that the company plans to reduce its workforce by 15 per cent. The job cuts were revealed alongside a first quarter loss of \$1.20.

Qual-Med plunged 5 to 14 in turnover of more than 4m shares after the company posted first quarter profits of 26 cents a share, down from 34 cents a share a year ago.

Canada

TORONTO staged an early recovery from the initial shock

of the O & Y filing, and by mid-day stocks drifted on an even keel. Traders said bank shares had lost nearly C\$6.5bn in market value since mid-March, far in excess of estimated exposure of C\$3bn to C\$4.5bn.

The TSE 300 fell to a low of 3,300.3 with moderately heavy losses in bank shares before quickly bouncing back to stand 1.8 off at 3,396.6. Declines led advances by 210 to 187 in volume of 11.5m shares valued at C\$147.8m.

The real estate sector dropped 1.6 per cent with moderate losses across the board. Among real estate issues, Trizec class A fell C\$4 to C\$6, Bramalea slipped 1 cent to C\$1.99, Markham-Bayview Properties lost 30 cents to C\$4.50 and Royal LePage eased C\$4 to C\$7.4.

Dreams of China keep Hong Kong in favour

Simon Davies reviews the market's prospects

Given its reputation for volatility, the 51 per cent rise over the last 12 months in the Hong Kong stock market should set off investors' alarm bells.

Three years ago, Hong Kong equities traded at a discount because of the political uncertainty in China, but positive comments on economic reform from Beijing in recent months have virtually removed this risk factor, and the market is enjoying an upward re-rating.

In 1981, Hong Kong was the best performing major stock market in the world, with the Hang Seng index climbing 42 per cent. This year, the index has risen 33 per cent to close at 5,704.50 yesterday. The stock-broking community is unanimous in its desire for a brief consolidation, but the weight of foreign money has kept the stock market firm.

There are many reasons for the recent record-breaking rally. Corporate earnings for the Hang Seng index constituents are expected to grow by 20 per cent this year and next. The upswing in the economy is continuing, with 6 per cent GDP growth expected in 1992, against 4 per cent in 1991.

The decision to go ahead with the HK\$112bn (\$14.5bn) airport programme lifted overseas confidence last year, and the resolution of trade disputes between the US and China in January received wholehearted institutional support.

Despite its recent bull run, Hong Kong does not appear expensive. According to Baring Securities, the Hang Seng index is trading on a 1992 price/earnings (p/e) multiple of 11.9 and a 1993 p/e of 10.1. This makes Hong Kong cheaper than other investment destinations in south-east Asia, such as Singapore, Malaysia, Thailand, Taiwan and Indonesia.

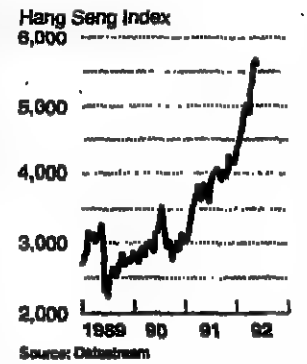
The p/e situation has been recognised by regional fund managers. The US fund managers, in particular, have been hyped by tales of China's economic potential.

There has also been a substantial increase in retail investment. In 1988, the Hong

Kong Stock Exchange dispelled the myth that everyone from road sweepers to taxi drivers played the stock market, when it found that only 10 per cent of the adult population invested in equities. But in 1992 they have come back with a vengeance.

The negative differential between the cost of borrowing and inflation in Hong Kong provides a strong incentive for local investors to remain in equities. The next interest rate

movement will probably be



down, as the Hong Kong dollar's peg to the US dollar demands a tracking of US interest rates.

However, two factors could burst the bubble in Hong Kong: a dramatic change of direction in China, and a weakening of the Hong Kong property market. The latter has been a concern as a result of government measures to quell property speculation, which has resulted in a sharp decline in turnover, but not in prices.

Negative interest rates are a compelling reason why the property market should sustain the 10 per cent gain recorded in the first quarter, since property has always been the traditional hedge against inflation in Hong Kong.

But at the same time, interest rate cuts put upward pressure on inflation. Analysts say that the territory's economic performance can be maintained in spite of double-digit inflation, so long as China remains a major attraction.

China is a greater concern. Since the Tiananmen Square massacre in May, 1989, Sino-American relations have come into the foreground during this month, as the annual renewal of Most Favoured Nation (MFN) status is debated.

Renewal for 1992/1993 is almost certain. However, the debate on renewal for next year could become a major issue in the US presidential election in November. This would hurt Hong Kong, where the failure to renew MFN would knock close to 2 per cent off its GDP.

The engine for growth in Hong Kong has been in the neighbouring Guangdong province. Its economy is now overheating, with inflation on the rise; the last time this happened, in 1988/1989, a severe austerity programme ensued.

China's paramount and aged leader, Deng Xiaoping, is in the middle of a power struggle between reformists and conservatives. Deng has considerable support for his economic reforms, but some observers say a setback is possible. It has been some time, for example, since the stock market has fallen on rumours of his death.

HSBC's bid for Midland Bank could cause some uncertainty in the stock market, especially as the offer deadline on June 9 draws near. Since the Hong Kong market has always tended to over-react, some caution is advisable. Investors are sitting on substantial profits and it is only natural that they will want to cash in part of their winnings.

But overall, analysts do not foresee a significant downturn in the market, as current attitudes suggest that any setback will be seen as a long-term buying opportunity.

"We feel the Hang Seng index justifies a p/e of 13, and this would mean the index should be trading at 7,500 by the end of 1993," says Mr Clive Weedon, research director of Ching Tung Securities. This sort of optimism gives little incentive to sell.

EUROPE

Continent sees weakness in property, banks

CONTINENTAL reaction to the O & Y crisis was more specific than general, with weakness in property and financial shares, writes Our Markets Staff.

PARIS fell 1.1 per cent at the start, following losses in Tokyo and overnight on Wall Street, but ended higher thanks to a rebound in stocks which had fallen on Thursday. The CAC-40 fell as low as 1,985.25 in the morning before ending 6.96 higher at 2,023.55, down 1.9 per cent on the week. Turnover was moderate at FF2.5bn.

News that O & Y was seeking court protection from its creditors put pressure on Crédit Lyonnais, which has the biggest exposure of the French banks. The stock dropped FF23 to FF202.

Elf, which had dropped on its poor first results on Thursday, steadied yesterday, losing 90 centimes to FF275.3, while LVMH, which had lost 8.5 per cent on news of a suit from a US broker on Thursday, rebounded FF69 to FF24,090.

Total dropped FF6 to FF260. After the close, the government said it was offering four Total oil certificates for three shares, reducing its stake in the oil refiner to 15 per

FT-SE Eurotrack 100 - May 15

Hourly changes					
Open	10 am	11 am	12 pm	2 pm	3 pm
1170.22	1171.58	1171.76	1171.06	1170.38	1169.58
				1169.58	1169.58
					1171.24
Day's High 1171.76 Day's Low 1168.31					
May 14	May 15	May 16	May 17	May 18	May 19
1170.22	1167.91	1168.40	1167.55	1168.55	1168.55

Base value 1000 (pts/1000)

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US

Mediabanc rose 1.70 to

12,460 on short-covering.

ZURICH saw profit-taking in

some industrials and O & Y-

linked selling of banks as the

SMI fell 23.7 to 1,921, 1 per cent

lower on the week. Volume

was estimated at a moderate

SPR800m.

CS Holding bearers, SFR50

lower at SFR1,980 and SBC

bearers by SFR27.76. Both

banks are mortgage lenders

to O & Y. Chemicals were

under pressure from profit-taking,

with Roche certificates

down SFR20 to SFR3,320 and

Ciba-Geigy registered SFR50

lower at SFR3,550.

AMSTERDAM eased, the

CBS Tendency index closing

0.7 lower at 128.1 and 1.5 per

cent down on the week.

Rodamco, the property invest-

ment company, fell F1.40 to

F1.47.

Unilever fell F1.47, or 2.4

per cent to F1,187.50. Brokers

said that a 5.3 per cent gain in

first quarter profits was below

expectations.

STOCKHOLM fell broadly in

moderate trade, on profit-taking

after the market's recent

gains and reflecting weaker

markets overseas. The Affari-

värden General index fell 15.90

to 885.50, down 2.4 per cent on

the week.

Posters' Brewing ended 7

cents higher at A\$1.90 after

A\$1.88, and SA Brewing 12

cents lower at A\$2.07 on

reports of a merger which was

made official after the close.

BANGKOK's SET index

ended 4.38 higher at 732.89,

unchanged on the week, in low

turnover of B\$2.44bn. Selling

slowed, while some investors

entered the market to buy in

the belief that this weekend's

anti-government rallies would

be of violence.

MANILA was flat on the

day, the composite index adding

just 1.02 to 1,336.37, but 8.4

per cent up on a week encouraged

by the relatively quiet conclu-

sion to the presidential elec-

tion.

NEW ZEALAND, similarly,

saw the NZSE-40 index up 0.70

on the day but 4.1 per cent

better on the week, the latter

on falling domestic interest

rates and optimism about a

batch of company profit

reports due over the next few

weeks.

Roundup

AUSTRALIA apart, markets in

the region were not inclined to

match, or even approach, the

overnight declines seen in the

US and Japan. Bombay was

closed after police froze the

bank accounts and sharehold-

ings of Mr Harshad Mehta.

AUSTRALIA, like Japan,

blamed a 1.1 per cent fall on

the day on the Olympia & York

news from Canada. The All

Ordinaries index fell 19.0 to

1,860.7, fractionally down on

the week.

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better on the week, the latter

INVESTMENT TRUSTS - CONT.
+ 05 1992

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Aluminum	1.00	1.05	0.95	1.02	1.01	100	Commodity	Crude Oil	25.00
Crude Oil	25.00	25.50	24.50	25.20	25.10	500	Commodity	Gold	350.00
Gold	350.00	355.00	345.00	352.00	351.00	100	Commodity	Silver	15.00
Silver	15.00	15.50	14.50	15.20	15.10	100	Commodity	Natural Gas	3.00
Natural Gas	3.00	3.20	2.80	3.10	3.05	100	Commodity	Wheat	1.50
Wheat	1.50	1.60	1.40	1.55	1.52	100	Commodity	Corn	1.20
Corn	1.20	1.30	1.10	1.25	1.22	100	Commodity	Soybeans	1.80
Soybeans	1.80	1.90	1.70	1.85	1.82	100	Commodity	Canola	2.00
Canola	2.00	2.10	1.90	2.05	2.02	100	Commodity	U.S. Treasury	100.00
U.S. Treasury	100.00	101.00	99.00	100.50	100.40	100	Financial	10-Year Note	110.00
10-Year Note	110.00	111.00	109.00	110.50	110.40	100	Financial	30-Year Bond	120.00
30-Year Bond	120.00	121.00	119.00	120.50	120.40	100	Financial	Stock Index	2000.00
Stock Index	2000.00	2050.00	1950.00	2020.00	2010.00	100	Financial		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
IBM	150.00	155.00	145.00	152.00	151.00	100	Stock	Microsoft	200.00
Microsoft	200.00	205.00	195.00	202.00	201.00	100	Stock	Apple	180.00
Apple	180.00	185.00	175.00	182.00	181.00	100	Stock	Oracle	120.00
Oracle	120.00	125.00	115.00	122.00	121.00	100	Stock	Sun Microsystems	100.00
Sun Microsystems	100.00	105.00	95.00	102.00	101.00	100	Stock	Novell	80.00
Novell	80.00	85.00	75.00	82.00	81.00	100	Stock	Lotus Development	60.00
Lotus Development	60.00	65.00	55.00	62.00	61.00	100	Stock	Intuit	40.00
Intuit	40.00	45.00	35.00	42.00	41.00	100	Stock	Parsons Technology	30.00
Parsons Technology	30.00	35.00	25.00	32.00	31.00	100	Stock	Electronic Data Systems	20.00
Electronic Data Systems	20.00	25.00	15.00	22.00	21.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
General Electric	40.00	45.00	35.00	42.00	41.00	100	Stock	Westinghouse	30.00
Westinghouse	30.00	35.00	25.00	32.00	31.00	100	Stock	Lockheed Martin	50.00
Lockheed Martin	50.00	55.00	45.00	52.00	51.00	100	Stock	Boeing	60.00
Boeing	60.00	65.00	55.00	62.00	61.00	100	Stock	Raytheon	70.00
Raytheon	70.00	75.00	65.00	72.00	71.00	100	Stock	Northrop Grumman	80.00
Northrop Grumman	80.00	85.00	75.00	82.00	81.00	100	Stock	3M	90.00
3M	90.00	95.00	85.00	92.00	91.00	100	Stock	Johnson & Johnson	100.00
Johnson & Johnson	100.00	105.00	95.00	102.00	101.00	100	Stock	Pfizer	110.00
Pfizer	110.00	115.00	105.00	112.00	111.00	100	Stock	Merck & Co.	120.00
Merck & Co.	120.00	125.00	115.00	122.00	121.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	130.00	135.00	125.00	132.00	131.00	100	Stock	Genentech	140.00
Genentech	140.00	145.00	135.00	142.00	141.00	100	Stock	Novartis	150.00
Novartis	150.00	155.00	145.00	152.00	151.00	100	Stock	Schering-Plough	160.00
Schering-Plough	160.00	165.00	155.00	162.00	161.00	100	Stock	Glaxo	170.00
Glaxo	170.00	175.00	165.00	172.00	171.00	100	Stock	Roche	180.00
Roche	180.00	185.00	175.00	182.00	181.00	100	Stock	Novo Nordisk	190.00
Novo Nordisk	190.00	195.00	185.00	192.00	191.00	100	Stock	Abbott	200.00
Abbott	200.00	205.00	195.00	202.00	201.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	210.00	215.00	205.00	212.00	211.00	100	Stock	Genentech	220.00
Genentech	220.00	225.00	215.00	222.00	221.00	100	Stock	Novartis	230.00
Novartis	230.00	235.00	225.00	232.00	231.00	100	Stock	Schering-Plough	240.00
Schering-Plough	240.00	245.00	235.00	242.00	241.00	100	Stock	Glaxo	250.00
Glaxo	250.00	255.00	245.00	252.00	251.00	100	Stock	Roche	260.00
Roche	260.00	265.00	255.00	262.00	261.00	100	Stock	Novo Nordisk	270.00
Novo Nordisk	270.00	275.00	265.00	272.00	271.00	100	Stock	Abbott	280.00
Abbott	280.00	285.00	275.00	282.00	281.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	290.00	295.00	285.00	292.00	291.00	100	Stock	Genentech	300.00
Genentech	300.00	305.00	295.00	302.00	301.00	100	Stock	Novartis	310.00
Novartis	310.00	315.00	305.00	312.00	311.00	100	Stock	Schering-Plough	320.00
Schering-Plough	320.00	325.00	315.00	322.00	321.00	100	Stock	Glaxo	330.00
Glaxo	330.00	335.00	325.00	332.00	331.00	100	Stock	Roche	340.00
Roche	340.00	345.00	335.00	342.00	341.00	100	Stock	Novo Nordisk	350.00
Novo Nordisk	350.00	355.00	345.00	352.00	351.00	100	Stock	Abbott	360.00
Abbott	360.00	365.00	355.00	362.00	361.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	370.00	375.00	365.00	372.00	371.00	100	Stock	Genentech	380.00
Genentech	380.00	385.00	375.00	382.00	381.00	100	Stock	Novartis	390.00
Novartis	390.00	395.00	385.00	392.00	391.00	100	Stock	Schering-Plough	400.00
Schering-Plough	400.00	405.00	395.00	402.00	401.00	100	Stock	Glaxo	410.00
Glaxo	410.00	415.00	405.00	412.00	411.00	100	Stock	Roche	420.00
Roche	420.00	425.00	415.00	422.00	421.00	100	Stock	Novo Nordisk	430.00
Novo Nordisk	430.00	435.00	425.00	432.00	431.00	100	Stock	Abbott	440.00
Abbott	440.00	445.00	435.00	442.00	441.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	450.00	455.00	445.00	452.00	451.00	100	Stock	Genentech	460.00
Genentech	460.00	465.00	455.00	462.00	461.00	100	Stock	Novartis	470.00
Novartis	470.00	475.00	465.00	472.00	471.00	100	Stock	Schering-Plough	480.00
Schering-Plough	480.00	485.00	475.00	482.00	481.00	100	Stock	Glaxo	490.00
Glaxo	490.00	495.00	485.00	492.00	491.00	100	Stock	Roche	500.00
Roche	500.00	505.00	495.00	502.00	501.00	100	Stock	Novo Nordisk	510.00
Novo Nordisk	510.00	515.00	505.00	512.00	511.00	100	Stock	Abbott	520.00
Abbott	520.00	525.00	515.00	522.00	521.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	530.00	535.00	525.00	532.00	531.00	100	Stock	Genentech	540.00
Genentech	540.00	545.00	535.00	542.00	541.00	100	Stock	Novartis	550.00
Novartis	550.00	555.00	545.00	552.00	551.00	100	Stock	Schering-Plough	560.00
Schering-Plough	560.00	565.00	555.00	562.00	561.00	100	Stock	Glaxo	570.00
Glaxo	570.00	575.00	565.00	572.00	571.00	100	Stock	Roche	580.00
Roche	580.00	585.00	575.00	582.00	581.00	100	Stock	Novo Nordisk	590.00
Novo Nordisk	590.00	595.00	585.00	592.00	591.00	100	Stock	Abbott	600.00
Abbott	600.00	605.00	595.00	602.00	601.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	610.00	615.00	605.00	612.00	611.00	100	Stock	Genentech	620.00
Genentech	620.00	625.00	615.00	622.00	621.00	100	Stock	Novartis	630.00
Novartis	630.00	635.00	625.00	632.00	631.00	100	Stock	Schering-Plough	640.00
Schering-Plough	640.00	645.00	635.00	642.00	641.00	100	Stock	Glaxo	650.00
Glaxo	650.00	655.00	645.00	652.00	651.00	100	Stock	Roche	660.00
Roche	660.00	665.00	655.00	662.00	661.00	100	Stock	Novo Nordisk	670.00
Novo Nordisk	670.00	675.00	665.00	672.00	671.00	100	Stock	Abbott	680.00
Abbott	680.00	685.00	675.00	682.00	681.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	690.00	695.00	685.00	692.00	691.00	100	Stock	Genentech	700.00
Genentech	700.00	705.00	695.00	702.00	701.00	100	Stock	Novartis	710.00
Novartis	710.00	715.00	705.00	712.00	711.00	100	Stock	Schering-Plough	720.00
Schering-Plough	720.00	725.00	715.00	722.00	721.00	100	Stock	Glaxo	730.00
Glaxo	730.00	735.00	725.00	732.00	731.00	100	Stock	Roche	740.00
Roche	740.00	745.00	735.00	742.00	741.00	100	Stock	Novo Nordisk	750.00
Novo Nordisk	750.00	755.00	745.00	752.00	751.00	100	Stock	Abbott	760.00
Abbott	760.00	765.00	755.00	762.00	761.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	770.00	775.00	765.00	772.00	771.00	100	Stock	Genentech	780.00
Genentech	780.00	785.00	775.00	782.00	781.00	100	Stock	Novartis	790.00
Novartis	790.00	795.00	785.00	792.00	791.00	100	Stock	Schering-Plough	800.00
Schering-Plough	800.00	805.00	795.00	802.00	801.00	100	Stock	Glaxo	810.00
Glaxo	810.00	815.00	805.00	812.00	811.00	100	Stock	Roche	820.00
Roche	820.00	825.00	815.00	822.00	821.00	100	Stock	Novo Nordisk	830.00
Novo Nordisk	830.00	835.00	825.00	832.00	831.00	100	Stock	Abbott	840.00
Abbott	840.00	845.00	835.00	842.00	841.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	850.00	855.00	845.00	852.00	851.00	100	Stock	Genentech	860.00
Genentech	860.00	865.00	855.00	862.00	861.00	100	Stock	Novartis	870.00
Novartis	870.00	875.00	865.00	872.00	871.00	100	Stock	Schering-Plough	880.00
Schering-Plough	880.00	885.00	875.00	882.00	881.00	100	Stock	Glaxo	890.00
Glaxo	890.00	895.00	885.00	892.00	891.00	100	Stock	Roche	900.00
Roche	900.00	905.00	895.00	902.00	901.00	100	Stock	Novo Nordisk	910.00
Novo Nordisk	910.00	915.00	905.00	912.00	911.00	100	Stock	Abbott	920.00
Abbott	920.00	925.00	915.00	922.00	921.00	100	Stock		

1992									
Company	Price	High	Low	Open	Close	Volume	Market	Company	Price
Amgen	930.00	935.00	925.00	932.00	931.00	100	Stock	Genentech	940.00
Genentech	940.00	945.00	935.00	942.00	941.00	100	Stock	Novartis	950.00
Novartis	950.00	95							

LONDON SHARE SERVICE

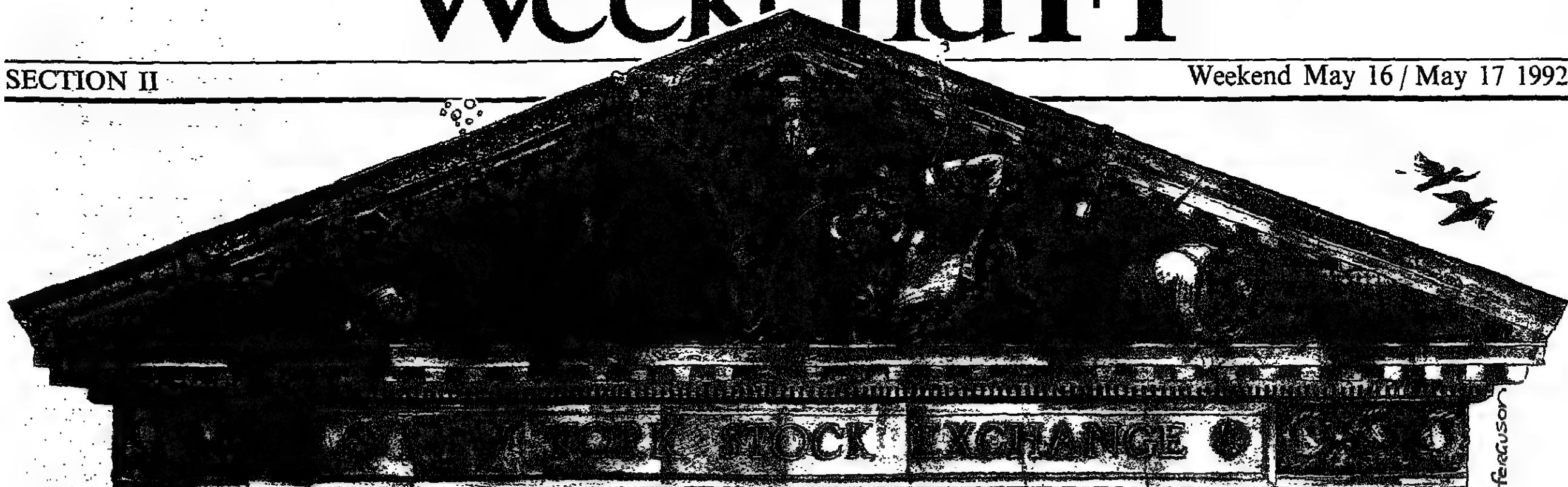
INVESTMENT TRUSTS - Cont.

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994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Weekend FT

SECTION II

Weekend May 16 / May 17 1992



Two centuries of scams and crashes

THE VISITOR finds himself in the vestibule of a vast chamber, which stretches a furlong deep from Broad to New Street. At the farther end... is a huge basin-like enclosure, filled with human tumult. Peering down through the high-vaulted, dimly lit space, the eye sees nothing but excited faces, arms flung wildly in the air, heads appearing and disappearing - a billowy mob, from which surges up an incessant and confused clamour.

SINCE James K Medbery penned this portrait of the New York Stock Exchange trading floor more than 120 years ago, the quills and ledgers have been replaced by computer screens and electronic tickers, but the ghost of any trader from those days would find the tumult, confusion and excitable clamour of today's exchange remarkably familiar. The exchange, which celebrates its 200th birthday this weekend, has survived technological revolutions, a maze of regulations, new locations, wars, scandals and crashes, but the people who work the market are the same as ever, and the way stocks are traded in the great citadel of American capitalism remains, superficially at least, chaotic and colourful. Even so, the last great revolution - the introduction of computers - now threatens its very existence.

In 200 years the NYSE has moved many times, from a shaded spot under a Buttonwood tree on lower Wall Street, to an upstairs room in a popular downtown coffee house, to the temporary accommodation of various institutions during the 1890s and finally to its present home at 11, Wall Street, where it was transformed by technology. The computers of the 1970s and

1980s brought faster transaction times, improved communication of price and trade data, and a leap in the capacity to handle orders.

Unfortunately, the new science carried a cost, most visibly in the vandalising of the elegant lines of George Post's splendid 1903 interior. More subtly, however, electronic trading threatens the very idea of a single location for a stock exchange. Medbery would be sad to see today's room, with its marble walls and towering windows hidden behind huge brown pipes carrying cables to video screens that loom over trading posts like the legs of giant metal spiders.

Computers were only the second great technological revolution to shake up the exchange, however. The first occurred in the mid-19th century, when within a decade or so the telegraph, the telephone and the stock ticker transformed price reporting and financial communication. It was around this time that the "specialist", the intermediary on the trading floor whose role is to bring buyers and sellers together, emerged. This, however, was not the result of clever invention, but so the story goes, of a curious accident. In 1875, a broker called James Boyd broke his leg. Although he could no longer move around the trading floor, he was determined to carry on making money. So he set down a chair in the middle of the floor and restricted himself to a single stock, Western Union.

Other brokers, knowing that Boyd was stuck in his chair, began to entrust him with the stop and limit orders to buy and sell at prices hit specified levels. This allowed them to go about their business without fear of missing a crucial turn in the market. So successful was Boyd, that other brokers joined him at trading posts fixed to the floor, and

the specialists were born.

While Boyd and his predecessors as specialists have evolved to become the focal point of trading at today's exchange, it is the speculators who, over two centuries, have probably contributed the most to the development of Wall Street's great money merry-go-round.

From Samuel Beebe and his bull pools and bear raids of the early 1800s, to Ivan Boesky and his greedy insiders trading ring of the late 1900s, the brave (and often foolish) gamblers who handle securities like chips in a casino have been inextricably linked to the fortunes of the NYSE.

In the earliest years, during the late 18th century, when there was

little of its era. Little joined a band of Boston speculators, and bound himself under a penalty of \$25,000 that he would not sell the stock below \$80, and that he would do everything to push the price higher.

Little quickly realised that his plan was doomed. He quietly sold his stock to his partners in Boston, who were forced to buy to keep the price up. The Boston speculators lost huge amounts when the stock subsequently crashed, upon which Little calmly sent them his forfeited \$25,000, a trifle in comparison with his winnings. As William Armstrong wrote in 1848, the rage of Little's partners was unbounded, "and they asserted in a very emphatic manner that if Little ever

was, nor was there any word of who was behind the issue.

Insider trading, so fashionable in the 1980s, was also rife. Speculator-politicians were in a particularly strong position to exploit the market. One such schemer was Senator Kemble of the New York state legislature, who in 1835 pulled off a coup involving the Harlem Railroad Company. After a passionate speech by Kemble in Albany opposing the capital enlargement of the Harlem Railroad, lobbyists for the company returned to New York convinced that any capital enlargement bill would fail. Their confidence spread to the exchange, and sent the price of Harlem sharply higher. Kemble, meanwhile, was in the

today. Vanderbilt was famous for his ability to influence the entire stock market by his actions. Rumours that he had suffered serious injury in a fall were enough to send the market tumbling 5 per cent. Nathan Prime, meanwhile, was the first of many to earn the label, "The King of Wall Street". Prime is generally credited with having been the country's first investment banker. He also speculated in stocks and bonds, owned considerable property interests, and bankrolled shippers and merchants.

Unlike the gregarious and sociable Vanderbilt, Prime could not enjoy life outside his work. Walter Barret, writing in 1884, described Prime's sad demise after his retirement: "All seemed fair in the future for old Mr Prime. Vast wealth, excellent sons, daughters all well married, he had nothing else to do but live and enjoy himself. Did he do so? No. The strange fancy seized upon his mind that he was becoming poor - that his destiny was to die in the almshouse. Under this singular monomania, and hallucination of mind, he cut his throat with a razor and died in an instant."

The suicides of powerful speculators became synonymous with the NYSE much later on, during the great crash of 1929 when newspapers published breathless reports of penniless financiers leaping from skyscrapers. The market's decline was so dramatic and the bankruptcies so widespread during the 1929 crash that it was widely reported that clerks in downtown hotels were asking guests whether they wanted a room for sleeping or jumping.

There were no mass suicides 58 years later when the NYSE faced a second great crisis, the crash of October 1987. Yet the shock at the collapse of that bull market seemed

just as great to those who lived through it.

Art Cashin, a broker with almost 30 years experience on the floor at the NYSE, remembers the 1987 crash as an almost surreal experience. "After the Dow was down over 200 points [on Black Monday], people had that look you see when movies go into slow-motion. People were functioning, but they weren't relating to what was going on around them."

Although specialists, brokers and investors were hit hard in 1987, the exchange's system itself stood the test. The computer technology introduced in the 1970s coped with the huge orders during the worst of the panic. The technology, however, did leave some scars. Computerised program trading (programs automatically buy or sell at pre-set prices) of large bundles of stock was widely blamed for exacerbating price volatility during the panic. The case against program trading was never convincingly proven, but the controversy was enough to persuade the NYSE to introduce "circuit breakers" that limit the use of programs during volatile days.

Ironically, while technological change has produced enormous benefits, it is now threatening the exchange's most famous asset - the trading floor. Rival electronic markets that allow trading via computer screens have been picking up business from the NYSE and are growing in popularity among investors. As exchanges throughout the world move the physical trading of securities from giant rooms to a chain of decentralised offices linked by computer, the likelihood has increased that the exchange's great floor, with the human tumult and confused clamour that so enchanted Medbery, will (as it has in London) one day be silenced.

As the New York Stock Exchange reaches its 200th birthday, the trading floor remains as noisy as ever. Soon, says Patrick Harverson, all that might change

no organised regulation of financial markets, speculators found the perfect outlet for their risk-taking passions in the primitive securities markets that grew up in the tiny streets of downtown Manhattan. One of the first of their breed was William Duer, a speculator whose reckless attempts to corner the market in several big stocks during early 1792 led to the first great US securities crash, and ultimately to the formation of the exchange.

Others followed in Duer's footsteps such as the fearless Jacob Little, who earned the sobriquet of "The Great Bear" such was his fondness for selling stock short. Little's attempt to manipulate the market in Morris Canal & Banking Company shares in 1835 was a class-

visited Boston he would inevitably part company with his ears." Little eventually paid for his mischiefs in 1867 when he went bust owing an extraordinary \$10m after he sold 100,000 Erie Railroad shares short.

Sometimes fleeing gullible newcomers to the market was almost too simple. Attracting investors to a new stock issue under false pretences provided some of the easiest pickings. An 1827 newspaper advertisement ran: "To Capitalists - An Interest in a Valuable Charter for Sale." The ad promised an income of 8 per cent to 12 1/2 per cent on their stock, coupled with an assurance that "the whole capital can no doubt be returned in about three years." No mention was made, however, of what the "valuable charter"

market, instructing his broker to sell the issue short. Then, he forced a bill through the legislature ensuring the enlargement of Harlem's capital. Not surprisingly, the news sent the stock into a freefall, making Kemble a much richer man.

The crooked Senator got his comeuppance not long after when an investigation into his actions forced him out of the legislature in disgrace. The great speculators who dominated the NYSE's formative years did not all end their careers in ignominy and failure. Few were more renowned for their successes than Cornelius Vanderbilt and Nathan Prime, both multi-millionaires and blazers of various financial trails that Wall Street takes for granted

Long View / Barry Riley

What's good for the US

THE DE-LEVERAGING of Corporate America has been continuing apace. But have small investors in the US been too enthusiastic in playing their part in Wall Street's push to new bull market highs? Don't they remember 1987?

With the collapse of Tokyo, Wall Street has again become the world's dominant stock market. Recently it has accounted for about 41 per cent of global market capitalisation. Yet just as international investors were feeling uncomfortable about the Japanese equity market as it approached its peaks in 1989 (actually getting to about 45 per cent of the world market) so the global investors are now being snuffy about the US.

Look at British pension funds. They have 25 per cent of their portfolios in overseas equities, and given that the US represents 47 per cent of the world ex-US market capitalisation, they might be expected to have 12 per cent in the US. In fact, they only have 6 per cent on average. In the curious way that fund managers think that represents a very big bet against Wall Street.

You can argue that the American company sector thinks in much the same way about the values currently obtaining in the US stock market. Remember that in 1988 and 1989, in the wake of the crash, US corporations were eagerly buying in their equity from the public at levels of 2,000 to 2,500 on the Dow Jones average. In many cases this turned out to be a bad mistake as overborrowed companies collapsed in the recession. However, the American corporate sector is now pouring out new equity to the tune of some \$80bn a year. This is happening with the Dow well over 3,000. This looks like a profitable in-and-out move which is good for America, but is it good for American investors?

The buyers of all this new paper are not primarily the long-term institutions: indeed, many of the US pension funds are busy with plans to raise the overseas content of their equity portfolios from 5 to between 10 and 15 per

cent. Instead there is a big rise in public participation. This is seen not only in the booming profits of the big retail stockbrokers like Merrill Lynch, but most clearly in the sales of equity mutual funds, which have been recently been growing, net of redemptions, at about \$7bn a month.

It amounts to a flight from deposit instruments which now yield only about 3 1/2 per cent. Investors feel themselves forced to switch into higher risk investments in order to obtain a satisfactory return. Equity mutual fund returns have not in fact been at all remarkable recently - about 12 1/2 per cent on average, including income, over the past year. However, that can seem a better deal.

His rush into equities has had strange monetary consequences. The rundown of certificates of deposit and money market mutual funds has corresponded to weakness of M2, the measure of broad money which is targeted by the Federal Reserve. Thus the Fed has been cutting short-term interest rates in an effort to stimulate M2, with a minor uptick at last visible in Thursday's monthly figures, upsetting hopes of a further imminent rate cut.

But for many months bank loan demand has been sluggish and has not responded. Further interest rate cuts could encourage yet more investor switching into stocks and de-leveraging by the corporate sector. Meantime M1, the narrow money measure, is surging, so the monetarists hardly know whether to worry about deflation or inflation.

In the circumstances the valuation basis of the US equity market has been driven to an extreme. The dividend yield on the broadly-based Standard & Poors index of 500 stocks is only 2.6 per cent and the P/E ratio is an alarmingly high 26. That ratio is not quite as bad as it looks because many big US corporations made exceptional write-offs last year.

The consensus appears to be for over

50 per cent growth this year and maybe another 15 per cent in 1993. However, this may be a case of desperate investment analysts trying to justify current share prices. Even so, a prospective P/E ratio of 15 looking two years ahead does not make the US stock market look good value.

Nor do American equities offer good value against bonds. Although the long Treasury bond yield has fallen back from the 8 per cent in the last few days it looks as though the bond market may have peaked in the first quarter. The ratio between the bond and equity yields is about 3, a figure previously seen only in the last few months of the 1987 pre-crash surge.

Bulls have to fall back on the argument that the ratio between short-term rates and dividend yields is still historically acceptable. But this means that the valuation basis of Wall Street depends on the continuation of very low short-term interest rates on the one hand and the assumption of strong earnings and dividend growth on the other. It is hard to think of circumstances in which these conditions could apply at the same time.

Professional experts have been questioning the level of the US stock markets for many months and it continues to stay up there - and even break new high ground. The strategists wonder whether permanently low inflation might allow earnings to go on to a permanently higher rating.

As for those amateur punters, do they know something the pros do not? Will there be a long shallow recession in which interest rates stay low but companies will be able to rebuild their profits because of the remarkable softness of American wages? Only about 15 per cent of US labour is now unionised. Perhaps this is a new era for American capitalism. The odds are, however, that the refugees from the deposit accounts are no wiser than they were in 1987, but are just chasing a higher return than a low inflation environment can deliver.

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MARKETS

London Markets

Olympia & York casts a long shadow

By Maggie Urry

A BRIGHT flashing light in the eastern evening sky has been puzzling Londoners for some time. Was it a rising star? Did it signify a birth? Now we know. It was a warning beacon.

By day the source of the glow can be seen through the city haze. It is the tower at Canary Wharf, the £300 docklands development, part of the Olympia & York Developments empire, whose main holding companies in Canada and the US have filed for protection from creditors.

Although Canary Wharf is still, in theory, solvent, the filing cast a longer shadow over the City than that thrown by the plant office block on the Isle of Dogs.

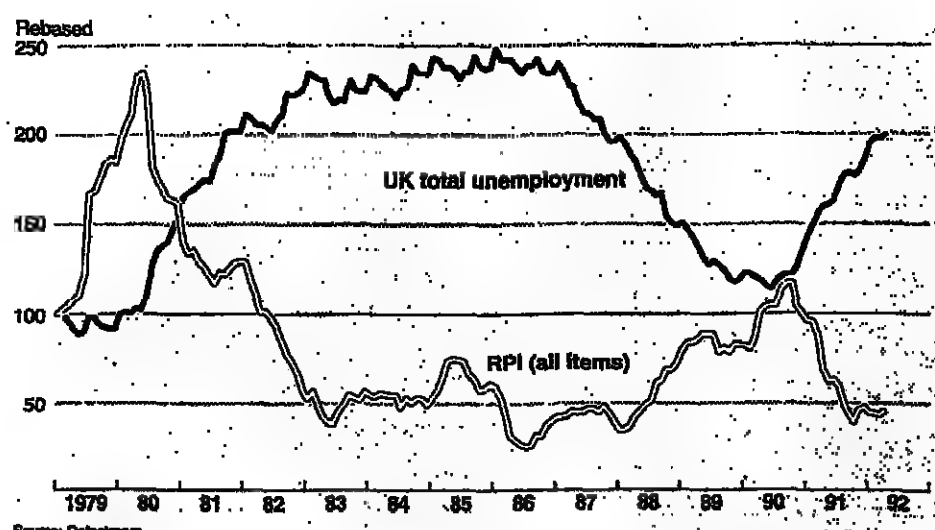
O&Y's problems were so well known that the immediate effect of the news on the market was not as severe as might be supposed from the tale of the world's biggest ever bankruptcy. Bank and property shares fell, but not a lot. Shares in Barclays, the UK

bank with the greatest exposure to O&Y, fell 6p to 280p yesterday. But the effect on sentiment in the next few weeks may be deeper if Canary Wharf goes into administration.

After the previous week's enthusiasm which took the FT-SE 100 index to a record high, the market has been tested by a series of poor corporate and economic figures. The FT-SE 100's peak for the week was on Monday morning when it touched 2744.5. But by Thursday it slipped below the 2700 level again, and it closed yesterday at 2682.6, down 43.1 over the week.

This week the market suffered its first significant setback since the election, a correction dismissed by the bulls as "blowing the froth off the market". Given that the post-election rise topped 300 points, a 40-odd point retreat is not much of a fall.

On the positive side, turnover in the market, which had been high as the market rose, was minimal yesterday. This



suggests that there is not much real selling.

One of the main foundations of the market's recent rise has been the idea that the UK has entered an era of low inflation. Indeed that the miracle of simultaneous low inflation and economic growth was about to be performed. That view was somewhat dented this week by the latest economic statistics.

The market is fairly callous about unemployment, which in any case is a lagging measure. But a sharper than expected rise of 42,600 in April reported this week at the same time as an increase in average earnings of 7.5 per cent in the year to March, suggests that there are still inflationary pressures in the system in spite of the weak economy.

Friday's retail price index - showing a year on year rise of 4.3 per cent in April, up from 4 per cent in March - was not

as high as some commentators had feared. But as the chart shows, the Tory government has not been conspicuously successful in getting unemployment to come down without inflation rising. Or vice versa. The question is whether sterling's entry to the ERM will have changed expectations sufficiently and it is one which will be asked repeatedly in the months ahead.

However, on Monday BTR the conglomerate, took the same view as Hanson did at the end of last week, that it was time to sell. BTR sold its 4.1 per cent stake in Pilkington, the glass group, to Smith New Court, the broker. But, as with Hanson's ICI stake last week, the subsequent placing did not meet with overwhelming demand.

This may put off some companies which were expected to be flooding the market with rights issues. But the example of BICC, the cables group, this week is more encouraging. Its £154m issue - not yet a big mouthful for the market but the largest since the election - was well received and BICC's shares rose, partly as it promised to hold the dividend, although it was not covered last year.

Corporate financiers are expecting further rights issues to be of a "restructuring" nature as companies look to replace bank debt with equity. The O&Y experience will no doubt concentrate minds, while WPP, the advertising group, this week announced the terms of the refinancing package it is putting to banks.

The relative lack of rights issues has been matched by a similar scarcity of big bids. There had been hopes that the

Serious Money

Daylight at last for capital shares

By Philip Coggan, personal finance editor

REMEMBER those weather houses where one figure emerges if it is raining and the other if it is fine? The shares of split capital investment trusts are rather like that. Until recently, the dull conditions of the UK stock market have kept capital shares inside the house in the dark. They will be repaid only after all the other assets of a split capital trust have claimed their due. Thus, they depend on a healthy rate of asset growth to bring their investors a decent return (in some cases, any return at all). Without rising share prices, the average share capital fell 5.6 per cent in the three years to April 30, according to Micropel.

Since the re-election of the Conservatives the sun has, metaphorically, been shining and the London stock market has surged ahead. And, sure enough, capital shares have emerged into the daylight. The best-performing investment trust shares in April were the capital shares of Scottish National, which rose by 8.3 per cent. A number of other capital shares, including those of M&G Income, rose by more than 20 per cent.

Until now, capital shares have tended to be neglected by the private investor because they offer neither income nor security. The class of shares that has really been tucked away is the zero coupon. These can also offer tax-free double-digit returns, at least to those who do not expect to use up their capital gains tax allowances (£5,300 in 1992-93). And they can do so without much risk of capital loss, unlike some income shares.

The double-digit yields available on income shares, particularly when placed in a personal equity plan, have obvious attractions. Until the election, though, income shares had appeared to be joining capital shares in the dirty confines of the weather house. The main

worry was that, to produce the dividend stream, splits have to invest in high-yielding listed stocks. Not only have such companies been hit badly by the recession but it is probable that dividend growth will be much slower in the 1990s than the 1980s. All this meant that the income share sector fell 7.3 per cent over the six months to end-April (and that includes a post-election rally).

David Thomas, the investment trust expert at stockbroker Greig Middleton, argues that income shares are now cheap and favours M&G Dual and SPLIT, in particular. He says the market has now set prices which assume only very minimal future dividend growth. Lewis Auer, analyst at Barclays de Zoete Wedd, agrees. He points out that some income shares have little risk; their repayment values are covered by assets. He cites the income shares of River & Mercantile which, he says, will yield 10.88 per cent to maturity without any dividend growth.

Investors should, however, always be aware of what they are buying in the income share field. In some cases, the shares have no repayment value at all; in others, the repayment value may be geared to the asset performance of the trust. In other words, the income could come at the expense of a capital loss. This is a field where you should be guided by your stockbroker.

Indeed, there is a more fundamental question to deal with here. As recounted before, there are some who argue that the whole split capital sector could be riding for a fall. The investors who were sucked in during the new issue boom may not have realised what they were buying.

Peter Walls of Laing & Crutchfield argued recently that many split trusts are trading at a premium to their net assets. Eventually, that premium must be eliminated, which means that the shares of

the trust must underperform the assets. Why buy such shares, therefore, when you can buy shares in a general trust which are trading at a discount?

Thomas, in contrast, is a devoted enthusiast for the split sector. His argument is based on the fact that split trusts are "dated"; in other words, there is a given day on which they will be repaid. The share price is a reflection of the "present value" of that future repayment level.

This present value is highly sensitive to interest rates. Asked if you would rather have £10 now, or £10 in 10 years' time, the logical person would opt for the money up front. If the money on offer increased to £20 after 10 years, the calculation might be more difficult. The rational way of making the decision would be to ask how much £10 would be worth if invested for the next 10 years - and that depends on interest rates.

If interest rates are 10 per cent, then £10 now will be worth £21 in one year's time. If rates are 5 per cent, then it will be worth just £10.50. Turn the equation round and it is clear that a fall in interest rates will increase the present value of any given future sum.

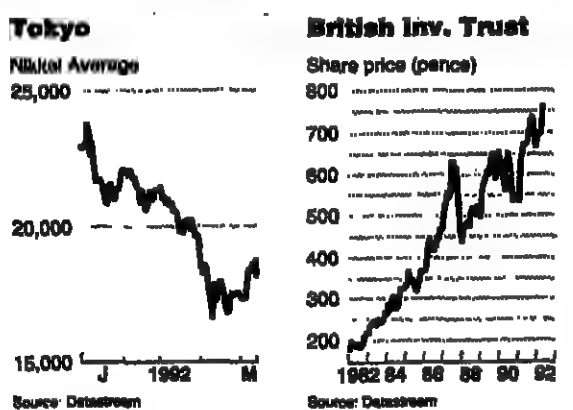
The general expectation is that interest rates are set to fall in the medium term. So, to return to Thomas's argument, "The repayment figure (of splits) is going to rise. The level of dividends will rise as well". Add in falling interest rates and Thomas says the prices of dated shares will rise very sharply.

Whether or not you accept his arguments, it seems clear that the split capital sector is going to offer some interesting opportunities for private investors over the next few years. But selecting the right opportunities - the "sunny day" shares - will continue to be a difficult game, requiring good advice.

HIGHLIGHTS OF THE WEEK

	Price	Change	1992	1992	
	£/share	on week	High	Low	
FT-SE 100 Index	2682.6	-43.1	2737.8	2682.7	Profit-taking: O & Y worries
BICC	370	+31	370	302	Rights issue for acquisitions
Boc	466	-21	462	398	Board conversion
Brit Aerospace	373	+27	377	283	Brokers' recommendations
Capital & Counties	193	-12	231	147	Merger with TransAtlantic
Compass	527	+31	536	419	Gardiner Merchant specialisation
Electron House	38	+9	39	28	Institutional buying
Euro Disney	1253	-77	1699	1225	Disappointing opening
Flona	355	-24	403	314	Stresses negative
Gleco	736	-41	943	706	US selling
Merland	458	+20	465	320	Greens King bid
Nerva Int Sp Div	465	+43	465	256	Positive results
Royal Insurance	282	+23	273	159	Losses reduced
Sainsbury (A)	464	+27	469	337	Sparkling results
Shell Trans	506	+26	508	435	Well-received results

AT A GLANCE



Tokyo market suffers fall of nearly 4 per cent

The Tokyo stock market fell 700 points, or nearly 4 per cent, yesterday, reversing a recent rally which had helped the Nikkei 225 recover from a recent low of 17,000. At yesterday's close, the market is less than half the peak reached at the turn of 1989-90. The average unit trust in the area has now fallen 33.7 per cent over the last three years, according to Finstat, with the worst (Barclays Unicorn Japan and General) down 57 per cent over the same period.

BIT dividend unchanged

British Investment Trust, the UK's sixth largest, reported net assets per share up 3.1 per cent for the year to March 31; that compared with a fall of 1.8 per cent in the FT-A All-Share Index over the same period. The trust, which has assets of £590m, is paying an unchanged final dividend of 13p. BIT proposes to change the par value of the shares from 25p to 5p, with the aim of reducing the nominal share price and thereby widening demand for the shares.

C & G's fixed-rate offer

Cheltenham & Gloucester Building Society has long specialised in issuing fixed-rate mortgages which undercut the rest of the market. Its latest fixed-rate offering, launched on Friday, is probably the most attractively priced fixed rate mortgage product to appear on the market since 1988.

Sir interest charged is 9.4 per cent (10.8 per cent APR) and the loans are available for interest-only or repayment or endowment mortgages. Loans on repayment must be 90 per cent of valuation or below.

An fee of £250 is payable on application and there is a six months gross interest penalty for early redemption within the five year period. There are no other strings attached. See also Page 9.

Friends Provident makes amends

Friends Provident, which announced a cut in its terminal bonus rates on with profits policies on 1 May, has made amends to some of its investors.

Some policy holders, such as Mr Lamer, whose case was highlighted last week, received a letter detailing a maturity value; this was subsequently cancelled and the policyholders were told their pay-out would be reduced.

"It upset a number of people," said Graham Aslet, general manager. "We have reconsidered and though the bonus decision stands, where we have written to investors, we will stick with the amount stated in the original letter."

Smaller companies rally continues

It was another good week for small company shares, which seem to be enjoying their long-awaited revival. But as Hoare Govett points out, the sector enjoyed a "false dawn" in 1991. The Hoare Govett index (capital gains versus loss) rose 2.2 per cent to 1334.77 in the week to May 14, while the Country index rose 2.6 per cent to 1032.19 over the same period.

The little guys get their selling in first

IGNORING the good economic news (low inflation, rising retail sales and industrial output) and the bad corporate news (Olympia & York's bankruptcy), the stock market pursued its own, primarily technical, agenda this week.

Typical of the mood on Wall Street was its reaction to Monday's record-setting gains, when the Dow Jones Industrial Average reached an all-time high of 3,397.58. As soon as the new peak was reached, analysts and traders warned not to expect much more from a market that had stumbled, not bounded, the last few steps to the top.

Trading volume on the Monday was light at 156m shares, an indication that enthusiasm for stocks may be waning. The fact that once again the broader market indices, the Standard & Poor's 500 and the Nasdaq composite of over-the-counter stocks, failed to match the Dow's achievements was another bad omen.

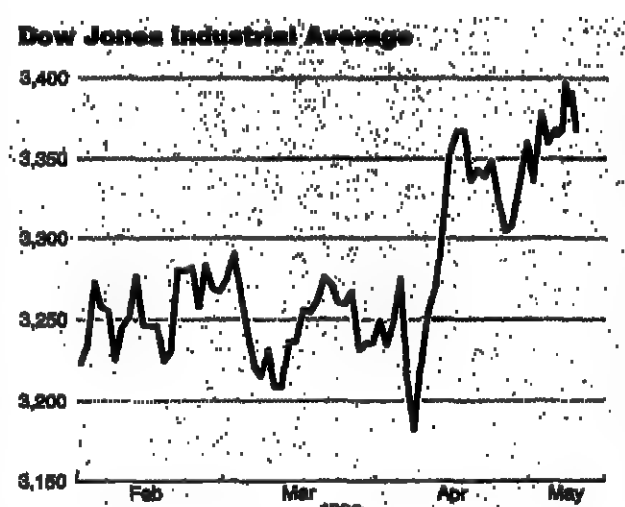
The Dow has outperformed because investors have been

increasingly choosy about where they put their money, and with many still uncertain about the short-term outlook for interest rates and the economy, the buyers have tended to seek out quality stocks such as General Electric, Wal-Mart, GTE and IBM.

Analysts say a typical sign of the end of a short-term upward trend is when familiar names post gains but no-one else does, a result of investors topping up their portfolios with blue-chips and staying away from much of the rest.

The sight of the Dow near 3,400 has made the market take stock of itself. It begs an obvious question: should the market be up at these heights? The answer, judging by this week's trading, is probably not. Sure, the recovery is under way, but everyone now knows that because of structural problems in the economy, mostly to do with debt, the rebound will be slower than it would normally be coming out of a recession.

Also, the market may not get any more help from the



Federal Reserve. Hopes of another interest rate cut had risen steadily coming into this week, primarily in expectation that if money supply growth continued to falter the Fed would be forced to step in with some extra monetary stimulus.

Thursday's money numbers, however, dented those hopes.

The money measure the Fed tracks most closely, M2 (currency and most interest-bearing accounts), showed an increase of \$9.8m during the first week of May, a sharp reversal of previous declines. Crucially, the latest rise took M2 growth back above the low end of the Fed's target range

of 2.5 per cent to 6.5 per cent. Nice round numbers like 3,400 on the Dow also make investors nervous because they invoke fears that the big funds may have programmed their computers to sell when the index breaks through what is inevitably termed a new "psychologically important level". When smaller investors worry about the big boys selling, they often try to get their realisation in first.

This was certainly the pattern after Monday. Every time the Dow inched near 3,400, selling kicked in as profit-takers rushed to book some of their recent profits. Once the feeling that some sort of short-term "correction" has taken hold, as appears to have happened this week, it can be difficult to dislodge.

Even favourable economic figures failed to shift the sellers. The week's inflation numbers were reassuring, with both consumer and producer prices rising just 0.2 per cent in April. If the Fed really does want to ease monetary policy again, the inflation figures

have provided plenty of room for manoeuvre.

Signs of life in personal spending were also evident in a 0.8 per cent increase in last month's retail sales, while April industrial production rose a solid 0.5 per cent, the third consecutive monthly improvement in output.

On the corporate front, the news that Olympia & York, the world's largest property developer, had filed for protection from its creditors under Canadian and US insolvency laws ensured the market ended the week on a sour note.

Although O&Y's descent into bankruptcy was not unexpected, it underscored the problems facing north America's commercial property market and those US and Canadian banks which lent vast sums to fund property expansion in the 1980s.

Patrick Harverson

Monday	3397.58	+ 28.17
Tuesday	3385.15	- 12.43
Wednesday	3391.58	+ 6.43
Thursday	3368.58	- 23.00
Friday		

The Bottom Line

Trafalgar's promises spoilt by today's reality

TRAFALGAR House is no longer a conglomerate. On Tuesday, Sir Eric Parker, chairman, gave a presentation, along with his line managers and senior executives, to unveil the face of the new Trafalgar: a construction and engineering company.

However, the transformation from shipping to construction combine to specialist high-tech engineering company was too breathless for most analysts and fund managers to accept.

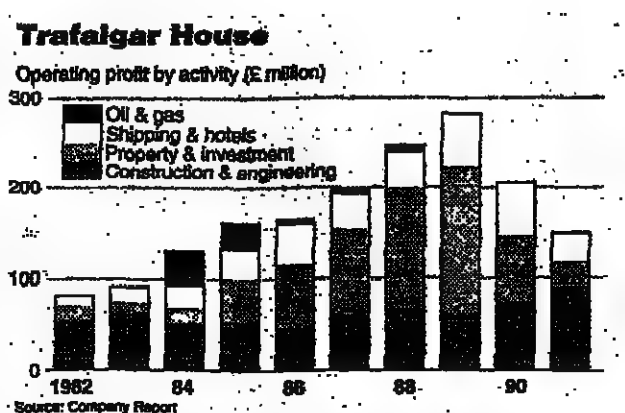
Those contacted by the FT said that they understood what Sir Eric wanted to take Trafalgar - they just differed over his analysis of what had already taken place.

Mike Smith, conglomerates analyst at Robert Fleming Securities, said: "There was nothing in the seminar that made me want to say 'here is a changed company which is likely to make good profits in the long-term'."

The problem for Trafalgar is

that today's reality is significantly different from tomorrow's promise. Too much capital is tied up in unprofitable areas away from the construction and engineering core. Consider the following:

- The hotels are presently unsaleable. There was a time when the group turned up its nose at offers of about £150m for the Ritz which it bought for just £3m in 1976. Those were the days.
- Unfortunately for Sir Eric those days have long past. There have been no sales in the five-star category for two years which is why Sir Eric was able to scotch rumours that imminent disposals were likely.
- The Cunard fleet of five-star ships poses similar problems. There have been trade buyers but the only real rival in the five-star market is Vard, Norwegian owner of Kloster Cruise, which also owns the Royal Viking Line at the luxury end of the market.



If Sir Eric could sell the fleet he would probably do so. Since this is not a practical solution he would like to upgrade the two four-star ships but admits that this is not likely in the short-term.

Gearing by the September year-end is likely to be between 60 and 70 per cent and heading higher - in part because of working capital

demands for construction and engineering.

That is a surprise, given the cash generative nature of the core businesses. Advance corporation tax remains a problem, although the halved dividend has cut the first half tax rate from 47 to 35 per cent. However, if UK earnings remain poor, the tax rate is likely to prove higher than for

most comparable companies.

Sir Eric admitted that Trafalgar had a lot of assets in properties and leisure. "There is no quick fix but I think the analysts and fund managers thought we gave a good presentation and know where we are heading," he said.

Trafalgar's credentials as an engineering and construction operator do look impressive. Its order book is a shade under £4bn and construction and engineering now accounts for the bulk of its pre-tax profits and turnover.

So why not compare it to Bechtel or Fluor in the US, asks Sir Eric. David Ireland, conglomerates analyst at Hoare Govett, says that while they are similar in scale - Bechtel had revenues of \$7.5bn last year while Fluor is projected to have engineering and construction turnover of \$6bn - big differences which makes comparisons difficult.

Bechtel is private, while Fluor derives 90 per cent of its

Roland Rudd

FINANCE & THE FAMILY

Prospects look good for the private investor

Fund managers give their views to Philip Coggan and Scheherazade Daneshkhu

THE LONDON stock market has enjoyed a month of euphoria after the re-election of the Conservatives. Even after the share price falls of yesterday and Thursday, the FTSE 100 Index is still trading over 10 per cent above its level on April 8.

The prospect of five years of Conservative government, and of a rebound from the recession, has encouraged traders to buy shares in anticipation of a corporate profits recovery.

The FT 500 Index was trading on a historic price-earnings ratio of 16.5 at the close of Thursday's trading, compared with an average of 11.6 since Mrs Thatcher was first elected in May 1979.

The yield on the All-Share Index is now around 4.5 per cent, below the 1979-92 average of 4.9 per cent and well below the 5.7 per cent recorded at the start of 1991.

So have private investors missed the boat? If they buy shares now, will they be making the mistake that so many have done in the past - that is, plunging into shares at the top of the market? Or do shares still represent good value on a medium or long term view?

We asked a number of experienced fund managers to give their views on the likely future direction of UK share prices.

Michael Hart, joint manager of the Foreign & Colonial Investment Trust, is hopeful about the view to the end of the year. "We might get interest rates coming down a bit and see some evidence of profits recovery," he says.

However, Hart adds that there is the prospect of a setback in the short term, with rights issues and the occasional bad result, restraining the market. At the start of 1992, he was talking about 2,000 on the Footsie, but now he thinks 2,500 may be possible by the end of the year.

Leonard Klahr of Capel-Cure Asset Management says that "on a valuation basis, the market certainly doesn't look cheap, apart from the yield ratio (the relationship of gilt to equity yields)".

"There are some good signs, however," he adds. "The outlook for

inflation is still good, and Wall Street has been performing well." Like Hart, Klahr feels that the market may be ahead of itself in the short term but he does not see any setback being significant.

Julian St Lawrence, who manages the Capital unit trust for Framlington says that "Footsie is clearly breaking out into a new range, but in the short term will need to consolidate at this sort of level". There is scope, according to St Lawrence, for the small company shares to catch up with the large company shares.

St Lawrence also feels that this recovery may be different from previous cycles. "In past recoveries," he says, "producers of commodity type products saw the benefit of increased margins."

"This time companies may need to see sales grow in order to increase profits." The task therefore is to look for companies in growth markets or those that can take market share from competitors.

Like Hart and Klahr, St Lawrence sees scope for a short-term downturn in share prices. "If everyone's optimistic then it's not long before people start having their doubts," he says.

Kenneth Inglis, investment director at Allied Dunbar, is optimistic about the long term outlook for the market but does not foresee a swift rise. "The market is barely 10 per cent higher than it reached in 1987, so we haven't got that far in five years," he says. So the market is "hardly ludicrously expensive compared with other markets or even with itself".

However, he thinks those wanting to make big commitments should stagger their investment as a precautionary measure. "The recovery is likely to be patchy so there may be unpleasant surprises".

But for the most part, Inglis feels that the market should increase steadily in a tempered way with no great upsurge. It is unlikely to take off until small companies come back into the market - for that to happen, the banks have to restore their health and Inglis sees this taking at least another two years.

"The downphase in the US for small companies lasted six to seven years but



it is now starting up again. We peaked in the late '80s, so that suggests it won't be until the middle of the decade that small companies come back into the market," he says.

Investors can forget about quick gains. "They should think of holding their stock in terms of five years rather than three. In fact, the longer the better," concludes Inglis.

Paul Laband, deputy managing director at Abbey Life Investment Services, disagrees. "Normally we would advise investors to keep their investment for at least five years, but my tactical view is that there is money to be made in the next two years in the UK market."

This, he says, is because he anticipates UK gilt yields falling closer to those of Germany (currently around 7.8 to 8 per cent) in over a year's time. If this happens the Footsie could rise to 3,100.

"As we move to lower inflation, risk premiums on equities diminish which has the effect of pulling equities up relative to gilts," he says. "Once you are in a low inflation environment the situation changes. Provided there is some growth, you would still anticipate

equities giving a higher return than gilts but the differential should narrow."

Richard Hughes, manager of the Recovery fund at M&G Securities, thinks that the rise in the market since the general election will not appear dramatic in the fullness of time. "In the past year, the market has been up by 10 per cent while the yield on gilts has come down by 10 per cent." Like Laband and Inglis, he thinks it is a good time for investors to go in.

"Before the election obviously would have been better but equity investment is a long-term strategy. The UK market at the moment is well underpinned by the yield on the All-Share and with inflation falling, it will continue to look attractive. Fundamentally, it's a cheap market," he says.

However, any pauses in the economic recovery could mean setbacks for the market but investors who go in with a view to holding on for the long term will be rewarded. Even in the short-term, "the return on shares should be comfortably ahead of the building societies over the next 12 months."

Watchdogs focus on pensions sales

INVESTMENT watchdogs closed in on irresponsible pension salespeople this week in the wake of deepening disquiet over the selling of personal pensions to members of company schemes.

On Thursday, the monitoring committee of Life Assurance and Unit Trust Regulatory Organisation (Lautro) met to consider disciplinary action relating to pension transfer business against a large direct selling insurance company.

Mike Abrahams, Lautro's chief enforcement officer, said six other companies were under investigation, all in connection with transfers from the same company scheme.

He explained that the investigations arose from complaints by company pension schemes which had lost a large number of members to apparently less generous personal pensions. Some questioned whether the sales people concerned were genuinely meeting the standards of best advice set by the regulator.

Lautro has prepared draft guidelines for companies on pension transfers which set out, in specific terms, the factors salespeople should assess in deciding whether a customer should leave a company scheme to buy a personal pension. The guidelines could be brought into force within three to five weeks.

Lautro already requires sales representatives to take the investor through the detailed pros and cons. But a survey of more than 200 transfers made from the J Bibby & Son pension scheme over the past two years suggests that observation of this rule is sketchy.

Administering transfers on behalf of Bibby, consulting actuaries IS Cartwright of Godalming found that 18 per cent of sales people immediately told clients they needed a transfer before knowing how much money would be involved. This applied to independent intermediaries as well as representatives selling exclusively for one company.

"Some just write in and say send a cheque," said the firm's Ian Cartwright. "For all they know, they could be taking a

transfer of £1, as opposed to a deferred pension of £30,000 a year. It amazes me when they are supposed to give best advice."

Only 30 per cent of sales people asked for information about increases to pensions once they are being paid in retirement - Bibby gives a guaranteed 5 per cent. Nobody asked about the company's record of giving discretionary increases above this.

None of the sales people asked about equalising pension ages for men and women, which meant that men who transferred before Bibby introduced a common pension age of 63 lost out, since the change was backdated to May 1990.

Cartwright also noticed that not a single sales person asked on what basis the scheme calculated its transfer values or requested recalculation to take

sales staff in January 1992, including questions that must be asked of company schemes.

Steve Conley, pensions product manager at Refuge, said sales people might not need to ask questions about schemes they already knew well, adding that many companies now handed out all the detailed information required as a matter of course.

Refuge's guidelines say: "The customer must on no occasion be advised to transfer. Sales personnel provide information and in the light of this information the customer must be the one to make the decision."

"We are not trying to avoid liability," said Conley. "If people are not given proper information or are misled in any way the company is liable for any consequences."

Reacting to the most frequent cause of complaint prior to January, Refuge also warns staff that transfers "may be inadvisable" for customers within 15 years or so of retirement, because of the impact of initial costs, but tells them to consider each case on its individual merits.

At Allied Dunbar, Tony Reardon, a divisional director, said that the company had cracked down on cases submitted without fact-finds and that execution-only pensions business accounted for less than one per cent of the total. He estimated complaints at one or two a month or about half a per cent of transfers.

Reardon said that notes on transfers values accompanied every personal pension application. Customers had to sign a statement confirming their understanding of the information given and wish to proceed.

The National Association of Pension Funds has expressed concern to Lautro about the sales methods of some personal pension providers, but a recent survey of NAPF schemes showed only 70 per cent willing to allow re-admission to people who had transferred out.

"Some members do take a hard line," said Mike Brown of the NAPF. "But if an individual really had been given bad advice, they might be more sympathetic."

Disquiet deepens over the transfers business, writes Barbara Ellis

account of any fall in interest rates following an initial quotation.

The effect of ignoring this is to understate the value of the company pension or to lose a customer as much as 30 per cent of what might be a substantial amount. Transfers from Bibby in the past two years have ranged from £1,000 to £200,000 with a norm of between £5,000 and £10,000.

Despite Bibby's offer to pay for independent advice for employees, only 10 per cent of transfers came through independent advisers. The remainder appeared to be handled mainly by representatives of Refuge, Pearl, Britannic and, to a lesser extent, Allied Dunbar.

Most of these companies say they require representatives to conduct full fact-finds on the customer and to provide a comparison of the relative benefits of the company scheme and a personal pension.

Refuge issued seven pages of pension transfer guidelines to

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T Cowie	108	159	+46
Eurocamp	301	326	+8
Fisons	342	371	+8
Lloyd Thomson	240	240	-



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FINANCE AND THE FAMILY

Base rate cut unsettles fixed income planning

LAST week's base rate cut was not good news for everyone. Those keen on the certainty of investing for a fixed income - mostly pensioners - found some promising avenues closed off immediately as National Savings withdrew all its products without notice. And interest rates for savers were reduced quickly by building societies.

Further base rate cuts are now expected when, only a month ago, a jump of two points was canvassed widely in the event of a Conservative election defeat. Some pundits forecast that rates could even undercut those of Germany - a psychologically important barrier to breach.

The election result reinforced the belief in a growing number of analysts who expect a low-inflation, low-interest rate environment for the rest of the decade. Double-figure base rates are still not all that low in historical terms, they argue, so more cuts could be in store. This could be the time to lock in returns.

But income investors must swallow some unpleasant facts. First, you will normally have to sacrifice some capital growth. The more growth you are prepared to lose, then, in general, the higher income you can afford; and, indeed, a very high income often will be earned at the expense of a capital loss.

Second, you must decide if the income is needed monthly or annually. You should get better value if you only need payments once a year.

The most obvious product is a gilt (or UK government bond) which can be bought for only a small fee at a post office. The present high level of government debt ensures there will be plenty of gilts around for the foreseeable future.

Gilt investors can make capital gains; but when investing for income,

it is simplest to buy a bond and then hold on to it. If you buy a particularly short-term bond, you might find you are just deferring a problem, according to David Kauders, a fee-based adviser who specialises in financial planning using gilts.

Yields - the technical term for the proportion of the price you pay which you will receive in income - are lower than they were immediately before the election, but Kauders says that 9 per cent is achievable.

However, appropriately long stocks - which are not redeemed until at least the year 2000 - are thin on the ground and it can be difficult to juggle them so that you receive a regular monthly income.

It is also important to remember, when buying stock priced above 100, that your capital value will be eroded if you hold it until maturity.

Annuitants are the most effective income providers, but only because they repay your capital as well as income. They are, therefore, most useful if you are sure you will not need the capital again, and best avoided if you want to keep future options open.

They are offered by life companies, and those not bought with the proceeds of a pension plan come in two basic varieties. Immediate annuities continue to pay out a fixed income until you die, whenever that happens, while temporary annuities pay out over a fixed period.

In either case, however, the company will pocket your capital once you die, so this is not a good investment if you are keen to leave a handsome inheritance behind you or if you have reason to fear that you will not live long.

The rate you receive depends on two main factors: your life expectancy and the state of the gilt market. You will be paid more if your life expectancy is shorter, or if gilt yields are high. This means you get better value the longer you wait - unless you think gilt yields will fall.

As a rule, they are worthwhile for men aged 70 or over and women aged 75. According to Baronworth Investment Services, the best rates now available for temporary annuities lasting for nine years, and taken out by a male aged 70 paying £10,000, are £2,082 annually from Pearl Assurance and £1,983.27 annually from Canada Life.

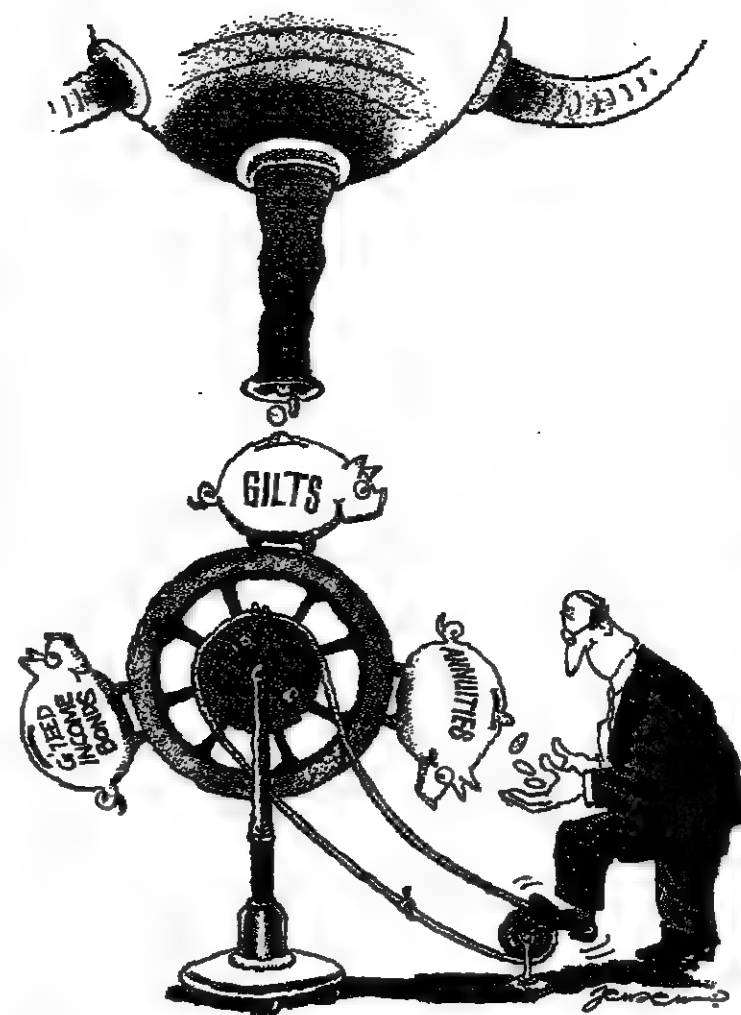
For an immediate annuity, on the same assumptions, the best rates are £1,463.40 from Sun Life of Canada and £1,460.52 from Equitable Life.

Guaranteed income bonds, as their name suggests, provide a guaranteed rate of income over a fixed term. They tend to be offered by smaller life offices. Both monthly and annual income payments are available, although rates for the latter will be higher.

As with all these investments, they are underpinned by gilts - which means that virtually all the gilts on the market were withdrawn abruptly on the day after the election. The rates now on offer are less generous.

Gilts have the significant disadvantage for non-taxpayers that basic-rate income tax is deducted at source and cannot be reclaimed. Baronworth's best buys for monthly income (assuming you have £10,000 to invest) are 7.91 per cent from American Life over one year, 7.83 from American Life over two years, 7.5 from Premium Life over three years, 7.61 from General Portfolio over four years, and 7.8 from Hill Samuel over five years.

For annual income, Baronworth's best buys are 8.44 from Prosperity over one year, 8.3 from OCL Assurance over two years, 8.5 from Liberty Life over three years, 8.15 from Consolidated Life over four years, and 8.58 from Prosperity over five.



National Savings provides taxable monthly income bonds which pay 9.25 per cent. The maximum holding has now been increased to £50,000. These bonds are most appropriate for non-taxpayers, while they are just about competitive for basic-rate taxpayers.

Banks and building societies often offer fixed-income products, but many have been dropped unceremoniously in the light of base rate speculation, so choice is not wide and few offers are exciting.

According to Money Facts, the best

onshore rates for accounts providing fixed monthly income are provided by Exeter Bank and Halifax Building Society.

Over one year, Exeter offers a fixed 9.5 per cent on a minimum of £5,000. On an investment of £10,000, Halifax offers 9.43 per cent over one year, 9.02 over two years, and 8.83 over three, four and five years.

Midland Bank Trust and TSB Channel Islands offer the best offshore rates.

John Authers

News in Brief

Broker caps home loans until 1995

BROKER John Charcol is offering a "cap and droplock" mortgage at a rate of 10.35 per cent (11.6 per cent AFR) capped until August 1993, one of the longest capped rates available at present. Each July borrowers will be given an option to switch to a competitive fixed rate.

Loans must be not more than 85 per cent of the property's value, and repayment mortgages are not available.

If borrowers do not want to take out building and contents insurance linked to the policy, there is a higher capped rate of 10.5 per cent. There is also an arrangement fee of £295, but only £95 is payable in advance and the balance can be added to the mortgage.

Early redemption penalties are three months during the capped period and one month thereafter.

Capital Home Loans is offering a three-year fixed rate mortgage of 10.20 per cent (APR 11.4 per cent). It is available for repayment and endowment mortgages.

Customers who also take out CHL's building insurance get a one-year discount of 0.21 percentage points, giving them a first-year rate of 9.99 per cent. There is a penalty of three months' interest for redemption during the first three years.

CHL is also offering five-year fixed-rate mortgages at 10.35 per cent (11.4 per cent APR). Building insurance is compulsory. Early redemption penalties are the equivalent of five months' interest during the first three years. In both cases there are arrangement fees of £295, which can be added to the loan.

Latin American Securities, a subsidiary of Foreign & Colonial, has launched a Luxembourg-based SICAV (an open-ended fund similar to a unit trust) specialising in Latin American equities. The launch follows on from the success of the Latin American Investment Trust, the best-performing such trust of 1991, and of country-specific SICAVs managed by L&S.

The Argentinian SICAV has risen 237 per cent since its launch in February 1991, and the Mexican SICAV is up 241 per cent since it was established in November 1989.

The argument in favour of Latin America is that the region has had widespread economic and political reform and appears committed to free-market capitalism.

Economic growth rates are higher than in the developed world, which should lead to

faster corporate earnings growth. But pessimists would argue that, after the recent sharp rises in share prices, the markets could be due for a correction.

The Latin American SICAV has a single pricing structure and the minimum investment is \$5,000, on which there is a commission payment of 5 per cent (the equivalent of the bid-offer spread on unit trusts).

There is also a redemption fee of 1 per cent for those who sell within a year, and 0.5 per cent after that. The annual management fee is 2.25 per cent.

Midland Bank is reducing interest rates on its accounts. The net rate on the Orchard current account is being cut to 1.88 per cent from 2.37. On the Meridian current account, the net rate on balances under £1,999 goes down to 2.62 per cent from 3.04.

On the Meridian savings account, the net rate is now 5.02 per cent (down from 5.58 per cent) on balances between £2,000 and £4,999. On Orchard savings accounts, the rate on the same balance is now 4.88 per cent (down from 5.31). The Tessa rate has been cut to 9.5 per cent from 10.00.

Lloyds Bank is also cutting rates. The net rate on its Classic account is now 0.75 per cent on balances between £1 and £1,000, and 1.5 per cent on balances between £1,000 and £5,000.

On its gold account, balances between £1,000 and £2,500 will pay a net rate of 2.83 per cent; the rate on balances between £2,500 and £5,000 is a net 4.35 per cent. The Lloyds Tessa rate is now 9.5 per cent.

Those searching for fee-based advice in the north-east of England have a new service on offer: Fimbra member James A. Clancy of Orington, Northumberland (0661-835-130). Clancy is linked with Adams & Neville Asset Management, an IMRO member, for investment management purposes.

National Counties Building Society, which has long offered one of the best rates on its Tessa, has cut the rate to 12 per cent. This, though, is still 2 percentage points above base rate.

Meanwhile, the Woolwich Building Society has cut its savings rates. The net rate for its Prime Gold account on balances between £500 and £999 is now 6 per cent (5.79 per cent on amounts above £999).

The society's Tessa rate is 9.75 per cent on balances between £25 and £2,999; 10.75 per cent on £3,000 to £4,999; and 10.85 per cent on amounts above £4,999.

Pensions hit by back-door raids

THE REMOVAL of pension fund assets, as it was done by Robert Maxwell, is, fortunately, rare. But deceptions caused when companies use pension schemes to subsidise redundancy programmes have become commonplace.

According to actuary Bryan Davies, of the specialised consultancy Union Pension Services: "It does weaken the funding for the people who remain with the company scheme and treats them less than fairly, yet trustees tend to go along with it."

A few companies have special redundancy terms written into the pension scheme rules, giving those made redundant better treatment than employees leaving early of their own accord. Some made redundant after the age of 50 might be allowed to retire at that time with a full pension instead of an actuarially-reduced amount. But companies without special redundancy rules assemble their own pack, as well as tax efficiency.

Because of the £30,000 ceiling on the amount that can be paid as tax-free redundancy compensation, a favourite tactic is to offer departing employees the option of taking a lower

lump sum, plus an improved deferred pension.

Most schemes allow companies to increase some members' benefits if the trustees and actuary approve. Theoretically, this means that the company has to make an extra payment into the pension scheme to buy the additional benefits.

But if the pension fund is in surplus, the company often can be excused actuarially from handing over any cash. Employees remaining with the company might see this as a form of pension fund raid, but have no effective comeback.

Bryan Freake, of the white-collar Manufacturing Science and Finance Association, says companies will continue dipping into pension fund surpluses with ease until the law is clarified. "Under present law, scheme members have no right to the surplus, so there is no point saying people made redundant should not have anything extra if you can't deliver it to the others, anyway."

Freake says employers could also take advantage of the fact that employees generally are unaware of the heavy pension loss that could be involved in a seemingly generous redundancy package. Their deferred

pension would be subject to annual increases only up to a 5 per cent annual limit - likely to be well below the wage increase they could have expected had they stayed in employment.

However, a more significant influence on such deals could be a protocol agreed at the Maastricht EC summit last December. It proposed an amendment to the Treaty of Rome aimed at wiping out the possible retrospective effect of the landmark Barber judgment - a European court decision that men and women in occupational pension schemes should be treated equally - handed down on May 17 1990.

Redundancy terms were considered an essential part of equal treatment. Barber's original case was brought after he was made redundant and received lower total benefits than a woman of the same age would have been given. "There is no uncertainty about the exact interpretation of the judgment, unequal treatment has continued and hundreds of claims have backed up in the legal system."

If the Barber judgment is not taken as applying retrospectively, only pension rights earned after May 17 1990 would have to provide equal benefits. But matters may not be resolved quickly even if the Maastricht protocol is ratified, as the agreement could be challenged in the European Court.

Barbara Ellis

Court blow on NI

BLATANT discrimination in the field of National Insurance Contributions (NICs) will continue following an unexpected opinion from the European Court of Justice this week.

Women can claim the basic state pension, now £54.15 a week, after paying the full rate of NICs for 35 years. But men need to pay for 44 years, and a shorter contribution record means a lower pension. The differential of five years reflects the difference in the state pension age, which is 60 for women and 65 for men.

The NI fund pays for several social security benefits including the basic state pension and those for sickness and unemployment.

National Insurance is levied at 9 per cent on an employee's "band earnings" - those between £3,808 and £21,060 per annum for the 1992/93 tax year.

People who earn above the lower limit also pay 2 per cent on the first £3,808. An employee whose earnings exceed the upper limit would pay £1,700 in NICs for 1992/93. The inequality in the NI system is compounded by the fact that women who continue to work after age 60 do not pay the tax, even if they have already contributed for a full 44 years.

The Equal Opportunities Commission challenged this

system at the European Court - the supreme court of the European Community. Now, the court has given an "opinion" that unequal state pension ages - and, hence, unequal qualifying NIC periods - were still legal under EU law.

This opinion is expected to be confirmed within three months by an official ruling. The court's decisions are binding on member states and override national legislation.

Last June, the government announced plans to equalise state pensions and it is expected to make a statement next month when the consultation period ends. The UK is one of four EC countries which still retains unequal pension ages; the others are Belgium, Greece and Portugal.

EC law on state pension ages is unlikely to change until the draft second Social Security Directive (1987) is implemented, although progress towards equalising occupational pensions could accelerate this process.

Debbie Harrison

Directors' Transactions

IN PREVIOUS weeks, we have highlighted director activity at Clinton Cards. Yet again, directors have been buying, this time at 100p. Don Lewis, the chairman and Clinton Lewin, the managing director, bought 154,000 and 5,000 shares respectively.

Barry Harroog, the finance director, and George Pomphrey, both bought 3,000 shares. The share price has continued to rise and now stands at around 125p.

Directors at Wilshaw, the building materials company, have been buying. Francis Ashkan, the chairman, purchased 200,000 and Hugh Reynolds, the chief executive, acquired 1m, both at 115p. On the same date, the director of a subsidiary company also bought 1m. The shares were sold by one of the major shareholders, based in South Africa.

At Close Brothers, the merchant bank, finance director Peter Winkworth sold 35,000 shares by Roderick Kent, this follows

managing director, and Peter Stone at the end of March.

Buying of Thames TV shares by directors has been steady since the beginning of the year. Most recently, David Elstein bought 31,200 shares at 163p. He is the fourth director to buy stock this year following Lord Brabourne, the chairman, Richard Dunn, the chief executive, and Sir Paul Fox.

Angus MacDonald, Directors Ltd

Key to sectors: BDMa = Building Materials; Brew = Brewers & Distillers; BuSe = Business Services; Ems = Electronics; EngA = Engineering Aerospace; EngG = Engineering General; FdMa = Food Manufacturing; FdR = Food Retailing; Hlth = Health & Household; InsB = Insurance Brokers; InTr = Investment Trusts; Med = Media; Merc = Merchant Banks; Oth = Other Industrial Materials; Pack = Packaging; Prop = Property; Stor = Stores; Tran = Transport.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bowthorpe	EngA	129,174	342	1
British Aero CRP	Ems	2,850,000	2,422	1
Close Brothers	Merc	35,000	66	1
Iselock Johnson	BDMa	21,835	19	1
Matthew Clark	Brew	2,516	12	1
McKeechle	Oth	125,000	425	1
Ocean Group	Tran	10,000	33	1
Proudford (Alex)	BuSe	50,000	178	1
Pison	Ems	10,500	18	1
Smith (GS)	Pack	10,000	27	1
Vicautic	EngG	90,000	346	1
Weir Group	EngG	20,000	106	1
YFM	Prop	150,000	108	1
PURCHASES				
Albert Fisher	FdRe	22,500	17	1
Clinton Cards	Stor	165,000	173	4
El Oyo	n/a	12,000	48	2
Exploration Co	O&G	5,000	24	1
Foreign & Colonial	InTr	57,070	99	1
Johnson Cleaners	BuSe	2,447	15	1
Kleinwort Charter	InTr	7,736	12	1
Menzies (John)	Stor	3,400	14	1
Olton Convertible Tst.	InTr	26,500	20	1
Tate & Lyle	FdMa	2,500	10	1
Thames TV	Med	31,500	54	1
Unichem	Hlth	5,000	10	1
Vaux Group	Brew	9,569	17	7
Willis Corroon	InsB	10,485	27	2
Wilshaw	BDMa	1,200,000	128	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions including the exercise of options (if 100% subsequently sold, with a value over £10,000). Information released by the Stock Exchange 4/8 May 1992. Source: Directors Ltd, Edinburgh

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/Cs and BONDS (Gross)						
Co-operative Bank	Pathfinder	0800 616193	Instant	£1	9.50%	Mly
Birmingham Midshires BS	First Class	0902 710710	Instant	£500	10.25%	Yly
				£10,000	11.00%	Yly
				£50,000	11.25%	Yly
Scarborough BS	Premier Flex	0723 388155	1.8.92		£1,000	11.5%
Nationswide BS	Capital Bond	0753 994465	2 Year		£10,000	12.30%
TESSAs (Tax Free)						
Allied Trust Bank		071 628 0879	5 Year		£9,000	13.24%
National Counties BS		0372 742211	5 Year		£9,000	12.00%
West Bromwich BS		021 525 7070	5 Year		£150	12.00%
Exeter Bank		0382 50635	5 Year		£250	11.50%
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	081 535 8235	Instant	£1	9.50%	Yly
UDY	Capital Plus	0734 590411	Instant	£1,000	9.40%	Qly
Chelsea BS	Classic Postal	0242 521991	Instant	£10,000	10.00%	Yly
				£25,000	10.50%	Yly
Portman BS	Prestige Cheque	0800 373178	Instant		£50,000	10.75%
OFFSHORE ACCOUNTS (Gross)						
Yorkshire Channel Islands	Channel Islands	0481 822747	Instant	£500	9.70%	Yly
Yorkshire Guernsey BS	Key Ninety	0481 719898	90 Day	£50,000	10.75%	Yly
	Key Extra		180 Day	£50,000	11.35%	Yly
Bristol & West Int'l Ltd	The Int'l Premier	0481 728063	6 Mths	£25,000	10.90%	Yly
C&G Channel Islands Ltd	Guernsey Bond	0481 715422	1 Year	£10,000	10.55%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	8.50%	Yly
OCL Assurance FN	No direct sale		2 Year	£5,000	8.30%	Yly
Liberty Life FN		081 440 8210	3 Year	£25,000	8.70%	Yly
General Portfolio FN		0279 482839	4 Year	£50,000	8.20%	Yly
AETNA FN		0800 010575	5 Year	£50,000	8.70%	Yly
NAT SAVINGS A/Cs and BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	8.50 wef 18.5.92					
	Income Bonds		3 Month	£2,000	10.25%	Mly
	9.25 wef 18.5.92					
	Capital Bonds D		5 Year	£100	10.75%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	37th Issue		5 Year	£25	8.00%F	OM
	5th Index Linked		5 Year	£25	4.50% + Inln	OM
on sale from May 23	Childrens Bond B		5 Year	£25	10.90%	OM

on sale from May 23

after 6 month qualifying period. † closing 22.5.92. This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable). OM = interest paid on maturity. N = Net Rate. B = Bond.

Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Washburn House, Statham, Norwich. Readers can obtain a complimentary copy by phoning 0892 582808.

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GARDENING

Arthur Hellyer and Patricia Morison find out what Chelsea flower show offers – and Robin Lane Fox considers what it will lack

A vintage year is on the cards

THIS weekend the Chelsea flower show enters the last days of preparation in readiness for the judges, visits by Royalty and the special charity preview on Monday, May 18. The show is an astonishing success story; exhibitors are just as eager to get a place in the show as the public is to see it.

Tuesday and Wednesday, from 8am until 6pm, and Thursday from 8am until 3.30pm, are reserved this year for members of the Royal Horticultural Society. Only Thursday, from 3.30pm to 8pm, and Friday, from 8am until 5pm, are available for non-members.

All tickets for the charity preview were sold a long time ago, and other bookings are so advanced that the only sensible advice for anyone who still hopes to see the show, but has no ticket, is to ring the credit-card booking number (tel:081-900-1919) and find out what is still available.

The show's catalogue reads like a Who's Who of all the famous names in commercial horticulture. Indications are that 1992 is to be a vintage year.

Whether interest centres on the open-air gardens or in the floral displays packed in the great three-and-a-half-acre marquees – said to be the biggest tent of its

kind in the world – or in the close-packed exhibits of glass houses, garden furniture, ornaments, machinery and sundries which line avenues and fill odd places, this is a show which needs all the time that can be given to it – and will still leave much undiscovered.

Among outdoor gardens is the large rockscape made by David Stevens for B & Q, the do-it-yourself chain, which is constructed using a beautiful grey-blue quartzite rock in a natural way. Quartzite is an environmentally friendly rock, the quarrying of which does not harm any ecological situation. Stephens has used it cleverly in a landscape complete with crofter's cottage, stream, cascades, pool and a variety of flowering and foliage plants.

Different in style and purpose are two small gardens made by Faith and Geoffrey Whitten, entitled Moving Home, and Moving Garden. As the names imply, these suggest a sequence of gardens for a young couple moving up in the world. Free use is made of container plants, to make the transfer from one garden to another easy and inexpensive.

Elizabeth Banks Associates has gone in for sheer fantasy in what it calls a Paradise Garden, with five gazebos, numerous rills of water and a Turkish tent, which are said to represent the exoticism of Persia.

Gillian Temple Associates has made a roof garden for Fisons, the fertilisers-to-pharmaceuticals group. A large number of features have been included, such as raised timber beds, glazed pots, sculpture, a water feature, a kitchen garden, a cut-flower area and a conservatory. Full marks for ingenuity but probably none for realism.

More practical is the urban oasis designed by David Pearson for Yardley, suitable for the back garden of a terraced house with provision for outdoor living. It has raised beds, turf walls, arches, and space has been found for salad vegetables, flowers and herbs. Rosemary Verey describes her design as suitable for a London garden, but it would equally suit any small garden surrounded by other buildings.

The staff and inmates of Leyhill Open Prison are back – this year with a garden planned around a mulberry tree. It has an historical theme: pre-Victorian to the left; Victorian to the top right; modern in front. Judging by Leyhill's past efforts this should be an interesting exhibit.

The students of Merrist Wood College can always be expected to do something original, and this year they have made what they call a hillside chalet garden: a wildflower meadow and a chalet verandah spilling over with colourful pelargoniums. It is a simple study in contrast.

Perseus College of Horticulture is also a regular source of original design. This year its students are making a garden which represents a disused industrial site. Plants grow in cracks in the walls and various man-made features worn away by water are included, but the focal point is a derelict pump house and slate column split by gushing water. This is an essay in ingenuity but not, perhaps, one meant to be copied.

Nor, probably, is the Uzbek Source Garden, made in the face of great logistical difficulties by Ravil Abdullin from Tashkent, Uzbekistan, to represent the extremes of soil and climate in that part of central Asia. It includes features from the immense desert regions to those of the more fertile environments of meadows and thickets and it also finds space for the flora of the mountain ranges.

The main marquee will be packed with exhibits from the large and spectacular to the small but fascinating. Fuller Nurseries says it is



Among the commercial stands at Chelsea this year, Haddonstone, of East Haddon, Northampton, has recreated William Chambers' original design for a ruin at Kew Gardens – fluted columns et al

including in its exhibit of trees, shrubs, roses and herbaceous perennials the largest tree ever shown in the Chelsea marquee: an English oak, 8m high, and an essential part of the traditional English garden.

Trees are also an important feature in the Notcutts Nurseries Exhibits – "40 trees for 40 years" it says, to represent the years of the Queen's reign. But no doubt, if all

Stephen Bailey is also showing an extensive selection of pinks and carnations containing a number of new varieties. There will also be some of the latest hybrid alstroemerias creating so much interest.

Numerous rose exhibits are included, some shown in the traditional way, as cut flowers, some as naturally growing plants which, although a less spectacular type of

the other 20th Century Roses. The new book, *Roses*, is lavishly illustrated and the exhibit highlights some of its features.

Bulbous plants are numerous and varied, from the many small species – the speciality of companies such as Broadleigh Gardens and Avon bulbs – to the great spectaculars of Walter Blom and Son and Van Tubergen, which this year is including a new red, pink and greenish white hippeastrum, rather unattractively named Spotty.

Someone always seems to hold back a good display of daffodils for Chelsea; this year it has been done by J Walkers Bulbs. It says it will replace much of the exhibit halfway through the week, so it will be as impressive on the Friday as for the Monday judging.

Stapely Water Gardens is making a water-lily pool with a Monet-style bridge to celebrate its acquisition of Latour-Marillac, the water-lily specialist in the South of France, where many of the best new varieties have been raised.

Cannington College holds the National Collections of argyranthemums and osteospermums. It is making an exceptionally fine exhibit of these South African daisies, and has itself raised some of the varieties.

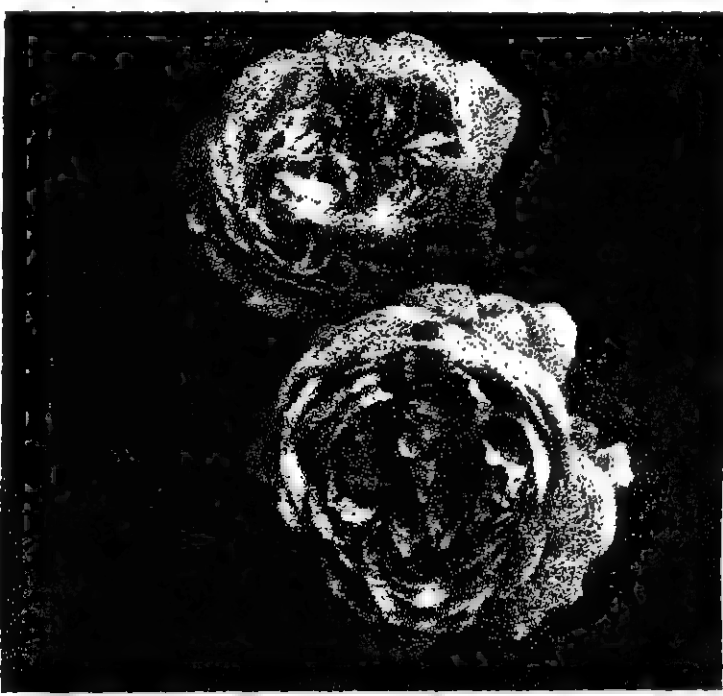
Burncoose and Southdown Nurseries, from Cornwall, is bringing many rare and some slightly tender trees and shrubs to the Chelsea show, as well as a big collection of hybrid lilies, mainly of the popular groups known as Mid Century and Oriental.

Some spectacular exhibits have come from overseas. These include one from the Kirstenbosch Botanical Gardens in South Africa, which not only shows beautiful proteas, but also several succulents being shown for the first time.

Machines, tools, garden sundries and buildings of many kinds, as well as an enormous array of ornaments and garden furniture are being shown at Chelsea once again, in bewildering number and variety.

Some of the statues are above average in quality, but for sheer enterprise pride of place must go to Oak Leaf Conservatories. This company, engaged to restore the dome of a magnificent Victorian conservatory at Broughton Hall, proceeded to dismantle it, brought it to its workshop for repair, and has now re-erected it temporarily at Chelsea before returning it to Yorkshire, where it belongs.

A.H.



Golden Celebration is one of David Austin's new roses this year

The show catalogue reads like a Who's Who of all the famous names in commercial horticulture

goes well over the weekend, Notcutts will not stop at this number. It has an interesting range of trees, some in cool storage to hold them back, others in greenhouses to hurry them along, some just naturally ready. One that seems certain to be there is an unusual, small growing, pink-flowered mountain ash named Sorbus hostii.

Three Counties nurseries is making a spectacular display of garden pinks aided by Dartington Crystal, the glass manufacturer, which has provided about 100 special crystal vases and bowls for the blooms.

display, always seems more interesting and revealing. David Austin Roses is an exhibitor showing growing plants flanking a central path and covering two walls. (Look out for some fine shrub varieties of the type Austin calls English Roses.)

Mattock's Roses are including plenty of perpetual flowering ground cover roses. Cants is to have a spectacular display of cut flowers, and the exhibits from Peter Beales Roses is based on a new dictionary of roses resulting from the combination of two earlier books written by Beale, one called *Classic Roses* and

Why the best is bound to be absent

THE WEATHER has been kinder to Chelsea flower show exhibitors than in any of the last three years. It is the first green spring for much too long and no doubt the sights will be wonderful – both the flowers and the gardening public in the flesh.

Certainly, garden accessories will be ever more in evidence, although I know before I start that I will never bring myself to afford a pseudo-Victorian greenhouse. Before we are all swept away with Marquee Madness, I would like to put in a word for things which will not be there.

They are not only the large numbers of gardeners who cannot face traffic-jams and do not like coaches. They are fields of unattended buttercups, now at their best; the last of the Pheasant Eye narcissi among cow-parsley and long grass; huge lilies hanging over urban walls; woods of bluebells

which refute the notion that our world is already warming; clouds of flower on the best of all late-flowering cherries, the white Fraxins longipes, with blossom dangling on long stems, like cherries. It is to be worn as earrings. Nothing more can be shown at Chelsea, nothing as tall as the off-white Staphyleas, which is dominating one of my local bus-stops, nor the huge bulk of single-flowered white Rubus Benenden, the stems have such a freshness throughout the summer. Chelsea is artificial, a suspension of disbelief. This weekend I can still disbelieve it, especially when looking at the daphnes in my garden.

Of all the noble families, daphnes are particularly ill-suited to flower-shows. I have never seen a really

happy daphne at Chelsea, except for a female namesake, and I doubt if we ever shall. Right now, some of the best forms are at their peak, but daphnes would refuse to move to a show because their roots do not like disturbance. Whenever you see next week, it will not be fully indicative of May's best shrubs.

Over the years I have grown about a dozen varieties, killed a few of them, and left others behind when moving house. I have tangentially progressed slowly but healthily from cuttings; my retusa is less than one foot high and wide after nine years; I no longer have the scented white-flowered blagayana, which hugged the ground for five years and threw off a wonderful sweetness until it died, as usual, before reaching middle-age.

I have had Daphne odora – both green and golden forms – in pots and under windows, often developing those bare lower stems and rather pale buds, which never match the bushes beside other people's doors. This golden-leaved daphne is one of the essential plants, easily rooted from cuttings. Its master, the late E. A. Bowles, once wrote that it needs "a corner outside by kitchen and chimney, the sort of place where the cat goes to bed and where blue bottles sit on the wall in late autumn." There are no flies on the cats who visit from neighbouring gardens.

These daphnes are not all easy, but I have at last found the best for my type of gardening. Late in my progress through the family, it is not the tall, easy Daphne Somerset

which is leafy and makes a broad, unusual hedge. It is the daphne from Naples, which reached England in the Regency era and has behaved with quiet good sense ever since. I seldom notice it in other gardens, except in the courtyard of Jerkyn Place, near Alton, Hampshire, where I first woke up to its merits. It grows about two feet high; it is completely hardy; its rather dark leaves are evergreen and vaguely reflect light; it will grow on any soil, hot, acid or not, so long as the drainage is sharp and the roots are free from interference. It seems to revel in rotted pig manure, and its flowers are a muted rose-pink, which lasts for about a month, until late May. It has a glorious scent, especially on cold evenings.

For impact, exhibitors would probably prefer my other performer, a ruby-red mat of flowers, which is known as Daphne Cneorum eximia. I am hesitant about the name because all our true eximia derives from a wonder plant, owned by the late A. T. Johnson, one of those rare gardening columnists who added as much to nursery-lists as to the newspaper columns. His daphne hugs the ground and has flowers of a rich red with a notable scent.

Some of the forms on sale seem to me to be paler than others: the founder-parent is said to have grown to the amazing width of 6 ft. I can almost vouch for this size on a plant in a previous garden. It grew in full sun and the rich soil which this easy variety likes. It

derived from a cutting of a marvelous parent, still to be seen this month on the old rock garden at Waterperry, open to the public, near Oxford.

I have never seen the Neapolitan daphne near Naples. I have never seen Cneorum, except in the Dolomites among powder-blue alpine clematis. In the Pyrenees, there have been reports of a plain Daphne Cneorum, which is even more sumptuous. This weekend, I would settle for the easy eximia, one of those scented shrubs which exhibitors may show in miniature on a table for alpinists at Chelsea, but which will never be seen on exhibition at its true width and glory. Some of the best things in life cannot be shown off; it may help to remember this law of nature when you struggle to see through the crowds what exhibitors can still display at its best.

R.L.F.

Euphoria over the Euphorbias

THIS YEAR'S Chelsea flower show offers a crash course on an intriguing plant: the euphorbia. Oxford University's Botanic Garden is sending a special exhibit to instruct us in the "frogspawn bush" and its thousands of cousins.

Euphorbias or spurges have a long history. According to Pliny, Euphorbus, court-physician to King Juba of Mauretania, made use of the latex they contain for medicinal purposes. Euphorbias have also been used for making furniture cream and waterproofing. North American euphorbias

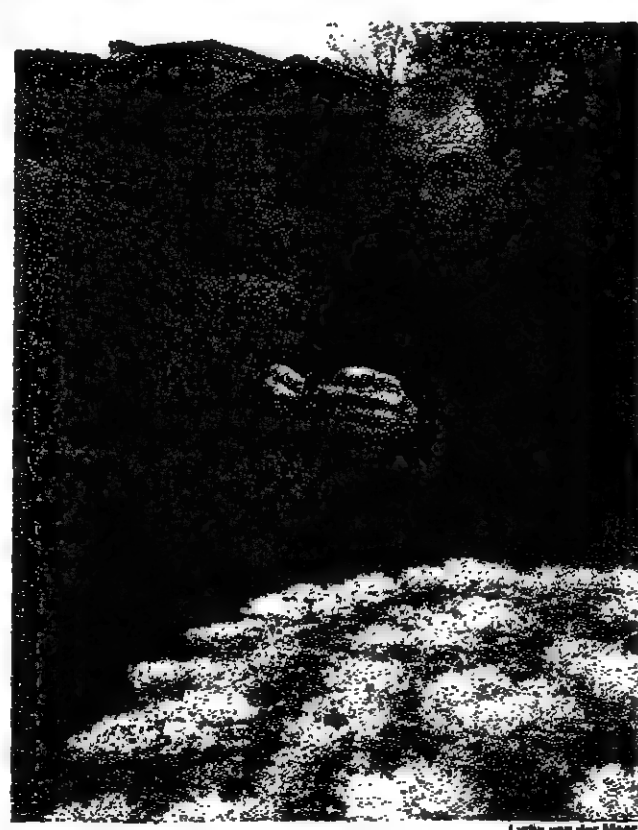
have proved a sensationally fast emetic, and Indian euphorbias go into making fireworks.

For years euphorbias have been known to gardeners as an exceptionally valuable and varied foliage plant – although not one to everyone's taste. They provide eye-catching tints of acid yellows, oranges, blue-greys, pinks, and burgundy, at any level from the rock-garden upwards. "The most eye-catching feature in many a herbaceous border at present are massive clumps of Euphorbia characias, waving their lime-green heads at shoulder-height.

Timothy Walker, superintendent of the Oxford Botanic Garden, is known by his staff to be quite potty about the euphorbia. In a manifesto written for Chelsea, he acclaims it as nothing less than "the most horticulturally valuable genus in the plant kingdom".

The Botanic Garden grows more than 100 different species in cool-houses or outdoors. Or rather, it did, a vicious frost last November killed about a quarter of the collection. Oxford biology undergraduates meet the euphorbia early in their career. It is held up as a prime example of how remarkably well a single genus can adapt to different environments. Euphorbias can be found growing wild in English woods, Anatolian pastures, Russia (E. songarica grows to six ft in one year), and the Himalayas. What cactuses are to the deserts of South America, euphorbias are to Africa's infernal regions.

Botany students linger over the euphorbia as a taxonomic brain-teaser. In Walker's words, it is "the flagship of the lumpers". Taxonomical thought is divided into two camps. "Splitters" argue for the ruthless division of large



Timothy Walker of the Oxford Botanic Garden

families, whereas the more genial "lumpers" would like to leave well alone. The euphorbia, they maintain, is one vast family of about 2,000 true species, although some experts have numbered as many as 3,000. As for its sub-classification, the euphorbia still awaits

a taxonomist with the stamina to come up with a wholly convincing arrangement.

Taxonomic puzzles tend to leave gardeners cold. However, anyone with a taste for one-upmanship will enjoy acquiring the word "cynanthium", the correct name for the euphorbia's

strange frogspawn-like "flower". It could even be useful to get a clear view of those whorling bracts, male glands, and more or less warty ovaries. They will reveal whether your E. characias is subspecies characias from the Mediterranean, sporting black male glands with short horns, or E. subsp. wulfenii from the east, with yellow glands and long horns.

And yet, growing in the garden's demonstration beds is a handsome hybridised characias with glands which are neither eastern nor western, but somewhere in between. Part of the fascination of euphorbias is their promiscuity and variability. Rather like snowdrops and hostas, euphorbias are good news for the specialist nurseryman.

At Oxford, would-be collectors of garden-worthy euphorbias get a useful start in deciding which of the selected forms is desirable or bearable. You have to be blessed with subtle colour sense to be able to place a fiery shocker like E. griffithii "Dixter", and the various forms of "polychroma" can be hard to take.

Experienced gardeners will also spot things likely to stage a hostile take-over bid for any garden, notably "cyparissias" and that evil little biennial "stricta". In autumn, some of the most brilliant plants in the garden are the euphorbias, especially villosa. This four-foot high floppy plant is staked in a masterly way using woven birch-prunings. This ingenious

method was devised by Mr Robinson, the popular superintendent who held sway from 1942 to 1963 – a short career, given the legendary longevity of the Oxford garden's superintendents over 300 years.

The current superintendent and his staff are working to conserve a remarkable euphorbia: stygiaea. The rarest of them all, it grows on small craters in the Azores; the plant recently brought back to Oxford was one of only 10 specimens left in the wild. Rather

surprisingly, this succulent, sprawling plant, with candy-pink stems, has adapted well to life by the river Cherwell. Students at the garden have managed to propagate it by air-layers, so it may not be long before the euphorbia's fans can try it for themselves.

■ The Oxford University Botanic Garden's exhibit can be found at the educational end of the Great Marquee.

P.M.

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PERSPECTIVES

THE TRAIN that trundles southwards out of the Adderly Street station every half-hour or so has not changed in 25 years. Its carriages are still a dull rust-red. They still smell of heated metal, faint perspiration, and the fresh, salt tang of air blown in through open windows. Their seats, a rubbery blue vinyl, still stick to the back of the legs on hot February days.

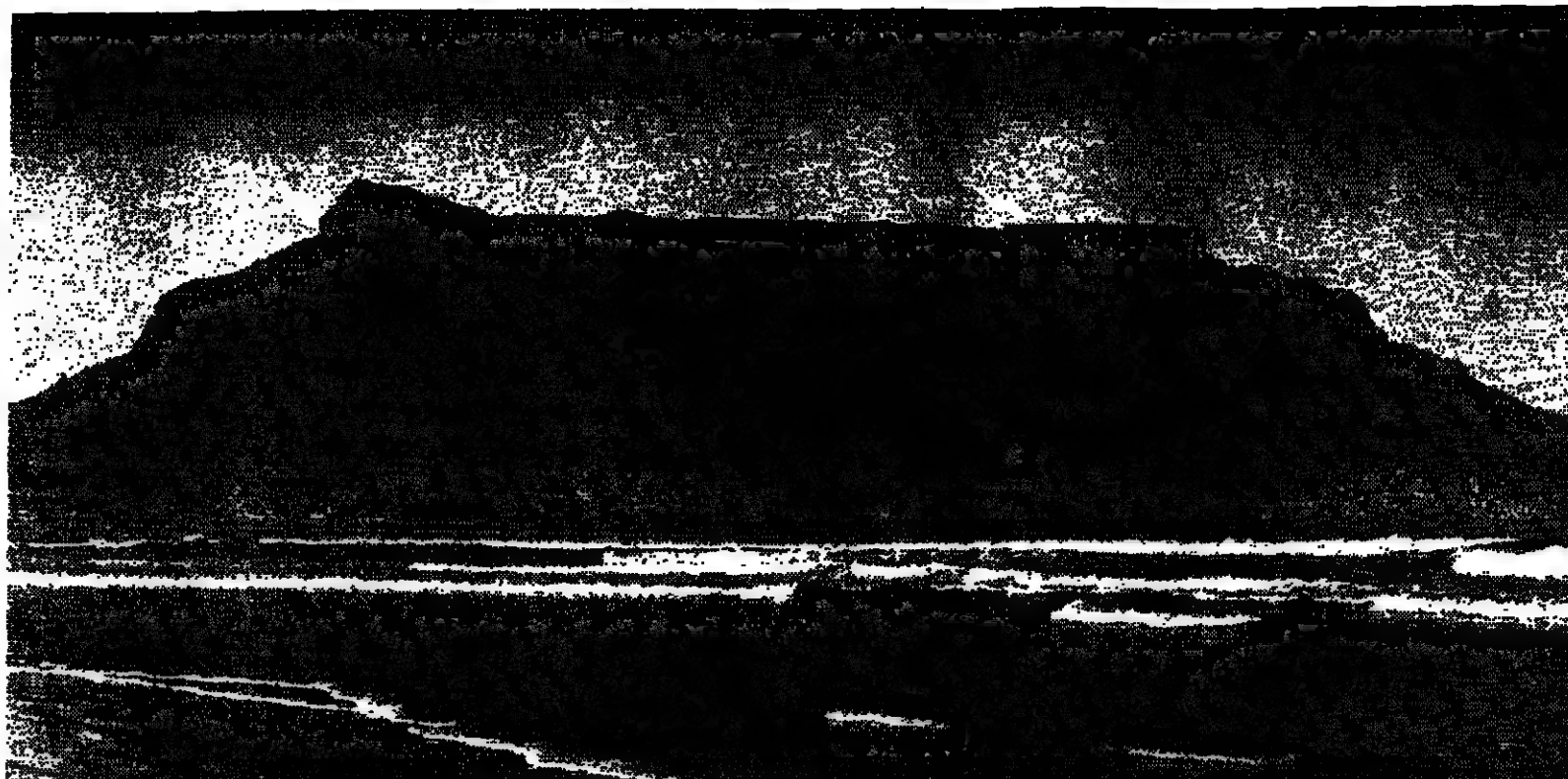
We are capable of blurring events which occurred only yesterday, but there are childhood images and memories, retained randomly, which keep their definition forever. For me, rattling through the leafy suburbs of Cape Town not long ago, this train was full of such memories.

The last time I rode down the curving scythe of the Cape peninsula I was a 12-year-old in shorts, navy blazer and school cap. More often than not these trips were frantic races against the clock, panicky executions of prep not done or last-minute crams for impending Latin tests.

But on this particular morning I was anticipating a rather different kind of test. I had changed. Had Cape Town changed? Would I, after an absence of 25 years, be able to recognise the place I had grown up in? In the life of some cities, a quarter of a century is no time at all. But after a political ice age, South Africa is undergoing daily, dramatic transformations. The train I was sitting in had changed not at all. What, I wondered, lay on the other side of these station platforms?

If I was somewhat hesitant and confused about what change is bringing to Africa's most beautiful city, it was partly because Capetonians themselves are currently in the same state of confusion. After more than 300 years, they are prepared to admit, just about, that Cape Town is an African city - not the historic starting point of white, colonial expansion northward, but the end point of a vast continent, culturally and racially diverse, that sweeps southwards.

This is a new view. Not far from the railway line, on the slopes of the sharp peak flanking Table Mountain, is the city's memorial to Cecil Rhodes. Here, escorted by eight bronze imperial lions, stands the statue of a mounted rider who stares with determined confidence, out across the Cape Flats, to some distant goal far up the length of Africa. Dedicated to the man who dreamed of creating a white dominion stretching from the Cape to



Where beauty is unavoidable: the massive bulk of Table Mountain looms over Cape Town

Serene in Africa's Camelot

Cairo, the status is named, simply, "Energy".

After decades of national division, violence and deep moral malaise, Capetonians seem finally willing to let the spirit of Rhodes rest. Like most other white South Africans, they see the inevitability of finally accommodating themselves to the continent they live on. The energy of white enterprise in Africa may still direct them, but the determined confidence is gone - today they look to the future with a great deal of uncertainty and soul-searching.

Perhaps more than other whites, they fear the risk of loss, for until now the Cape has offered them a life quite unlike that found elsewhere in South Africa. Two factors - history and climate - make it unique.

Cape Town is an old city. Some 300 years ago, when Dutch colonists first confronted local Hottentot and Bushman tribes here, it may have been on the cutting edge of events. But since then the frontier, and history, has moved on; the great tides of conflict that have swept over South Africa - black against white, Boer against Briton, Xhosa against Zulu - have risen and fallen time and again on the high veldt far to the north.

Without a large black population forcing confrontation and change, the city has usually sat on the sidelines of the country's dramas and crises. Its largest group, more than 1m South Africans of mixed race, live in the townships of the Cape Flats and seem hardly to intrude on the life of the peninsula. It is Cape Town's 300,000 whites who have created and enjoy its affluent, privileged life-style.

Genteel and old-fashioned, dignified and somewhat aloof, the city today is like a great aunt who has found a chair in a quiet corner of the drawing room. From the calm of the Cape peninsula she can observe, without becoming too deeply involved, the brash and unseemly behaviour of her younger cousins in the Transvaal and Natal. It is Johannesburg and other volatile cities, she knows, that will argue out the future of the feuding family that is South Africa.

For her part, she carries on concocting what she has always had - the good life. In politics her white electorate, far from the centres of tension and conflict, can afford a liberal vote, and worry far more about recession, unemployment and rising crime than the prospect of a black president. Politics, in fact, is not really what interests this city at all.

Held in thrall by a balmy Mediterranean climate and a stunning maritime topography, Cape Town tends, rather, to a sensual, outdoors view of life. Along the 46-mile length of the Cape peninsula Nature conspires to prove, whatever evidence exists to the contrary elsewhere, that life is rich, generous and pleasurable. Capetonians are only too ready to believe. They flock to the peninsula's beaches, cycle its mountain roads, roam its fragrant forests and vineyards.

Nicholas Woodworth takes a train ride to the Cape Town of his youth and finds little has changed around Table Mountain

sell its surrounding oceans.

With the massive bulk of Table Mountain looming over the city, this is a place where beauty is unavoidable. If Johannesburg worries about the price of gold and Pretoria fusses over the minutiae of administration, that is their problem. What preoccupies Cape Town is cricket, the ambient water temperature off Clifton beach, and the prospects of buying decent sausage for next weekend's braai, or outdoor barbecue.

tonian version of Camelot, an idealised, suburban England moved far away to a sunny, affluent antipodes.

In Newlands, I walked past ivy-covered houses set in well-manicured gardens. The trees were still as shady, the swimming pools as turquoise, the BMWs as well polished as they had ever been. Not even the clubby laughter and the leisurely thock... thock... thock sound of tennis in the fresh morning air had changed.

In Rondebosch I visited my

number of the faces under those chesscutters are now black. In the high-rise suburb of Sea Point, better-off mixed-race and Indian families have begun buying property. In some of the less expensive restaurants and bars in town there is a scattering of non-white patrons. The places where different races can and do mingle are limited - where apartheid is no longer operative money is, and shall continue to be far into the future.

None the less, such minor transformations are signs of enormous shifts in attitude and willingness to change. Where other places have been pushed forward struggling, Cape Town has stepped more or less gracefully. If there is uncertainty and doubt about the future, there is also a good measure of hope.

Sitting at Claremont station, waiting for the train back to the city centre, I talked to a young woman with little money, background or education, but a great deal of ambition. In a class of eight in her secretarial course at night school, she was the only white. A few years ago she would never have attended such a course, much less admit that she enjoyed the company.

More liberal, under less racial strain, and benefitting from a relaxed attitude to life, Cape Town stands a better chance of success in the new South Africa than her sister cities. Like the train of my memories, the city has hardly changed, and the destination of a non-racial society remains a great distance off. But the passengers now at least seem willing to chance the ride.

To me, wandering about the city's southern suburbs, Cape Town's essentially hedonistic character seemed to have changed little. Beyond the railway platforms, I found myself once again in a Cape-

old secondary school; chesscutters, the bag system and caning still make Tom Brown look like a contemporary there, but what are these inconveniences compared to the joys of a long and glorious rugby tradition? In Kenilworth, I sat in a pew at Christ Church, listening during choir practice to the same Anglican hymns that I had mumbled my way through there.

Taking myself off through the winding lanes, elegant estates and white, Dutch-gabled farmhouses of Constantia, I met former schoolfriends, the sons of wealthy professionals, who are now wealthy professionals themselves. It seemed one generation had simply taken over from another.

Had nothing changed at all? Physically, there are few dramatic alterations to life in Cape Town so far. A small

No peace for hippies

Alternative lifestylers love Cork. But increasingly, writes Denise Hall, the feeling is not reciprocated

WEST Cork, in the Irish Republic, has a reputation for peace and tranquillity; a kindlier way of life. Recently it has begun to attract some unconventional settlers. Drawn by the availability of small tracts of land, and the (often mistaken) impression of dole on demand, they have deserted England for Ireland - and found their prospects equally bleak.

These young, jobless English settlers live in old buses, caravans, or tepees of the type popular with their 1960s soulmates in west Wales's Telford valley. But as recession has gained a grip on England, especially many native Irish have had to return home - perhaps as many as 25,000 in the past year. Often, they have no work and little money, swelling further the numbers who depend on benefits. In rural areas such as west Cork, a long-term solution to this dilemma is going to be hard to find.

For those alternative lifestylers who do want it, work is near-impossible to find, particularly in the more remote areas, and dole is no longer the foregone conclusion many new arrivals imagined it to be.

Recently, a young Englishman living in the Skibbereen area was denied relief on the grounds that he had "deliberately made yourself unavailable for work by moving to a rural area." He believes, however, that the decision was based more on the way he looks and the fact that he is not an Irish national. He claims some local officials are showing a growing hostility towards his kind.

Local people increasingly are uneasy about the numbers of alternative lifestylers arriving in their area and fear an influx



of drugs, sheep-worrying, by dogs unused to their free-ranging sheep, and an increase in petty crime. They have the uneasy sense that, somehow, west Cork has become a Mecca for people with a value system very different from their own. After a combined police/custodial action in Bantry - which many believe was designed to shake up the new arrivals - a leading solicitor said publicly that he was "increasingly concerned about the amount of non-nationals settling in the area." It was understood generally that he was not referring to the more affluent owners of shore-front homes.

"We've used to people who look different, practise strange religions, and want to live in tents in the woods," said one Glengarriff local. "But, just lately, these people coming in seem to have changed. They don't have the easy-going attitude hippies had 10 years ago. And some of them are dirtier, arrogant. They really seem to think the world owes them a living."

Andy Ridgeway, a newly-arrived alternative lifestyle,

says his friends in England regard west Cork as a great place to live, uncrowded and undemanding. "Most of the people I know who have come here are fed up with the political climate in England. And there's not much chance of jobs there, anyway. We buy buses, caravans, put whatever money we can raise into converting them. Then we go on the road, do odd jobs, travel. We can't afford to buy places or pay rent, so what else is there for us?"

A lot of people I know have been called in on dole reviews, asked why they came here in the first place, and told they should go back to wherever they came from. And it always seems to be non-nationals. If we're all part of the EC now, though, how can they ask people questions like that? And what would happen if they started throwing Irish people off the dole in England for similar reasons?"

If living in a rural area is to be accepted as valid grounds for denial of benefit, it is not only non-nationals who could be in trouble.

As they say in Europe Exciting times for the Swiss

"THE EXOTIC, mysterious land at the heart of Europe," is not a slogan of the Swiss Tourist Board. Few would believe it because nobody takes the slightest interest in what is going on there. As a result there is a lack of awareness of the crisis which grips the country. Tomorrow there is the referendum on whether it should join the IMF and World Bank.

Switzerland jostles with North Korea and Cuba for the honour of being the most important country outside the two institutions. If it enters it will be in the wake of such a rift-raft of the international financial community as Azerbaijan. It would be joining at a time when the IMF is preparing to bankrupt itself in a last-ditch attempt to rescue the economies of the former Soviet Union. So why should a supposedly hardheaded banking nation enter at this juncture?

It is essential, says the *Neue Zürcher Zeitung*, even though "Switzerland needs no credits from the international community to build schools and hospitals and in the foreseeable future the franc will not be shaken by deficits and speculation." That such a prospect can even be contemplated may shock outsiders but this is by no means shocking to a nation mired in a crisis of identity.

The same edition of the *NZZ* used its front page as a vehicle for a study of where various European countries stood in the post-Maastricht debate penned by the editor-in-chief, Hugo Bütler. The main item on page one of the *NZZ* is not necessarily the most interesting topic of the day, far from it. Yet the article was not without surprising twists.

The headline tried to maintain standards: "Between economic community, internal market and political union: Paths and cul-de-sacs in the European process," but the agonising over what Switzerland should do about Europe provided the unexpected. The European problem facing Switzerland today is quite different from that of 1940. At that time it was a question of sheltering under the spines of the hedgehog and maintaining a free resistance in the Helvetic Redoubt against Hitler's dictatorial "New Europe."

It is astonishing that anyone ever made such a comparison with 1940. It seems the conventional picture of Switzerland needs some revision. Let us begin by returning to that unnecessarily firm denial that Switzerland needs World Bank money, and imagine that it is a very interesting country.

Today, bookshelves there are stacked with thick, best-selling tomes with titles like *Switzerland at the Crossroads: The Illusion and the Dilemma*. Whatever the *NZZ* says, uncertainty runs deep for many reasons. A substantial portion of national income has been lost

through the global war against drug-money laundering. There has been a savage reduction in the number of corrupt dictators who kept their hands in the national till and needed a safe haven to protect the proceeds. There is the Euro-threat to numbered accounts. The rate of inflation is higher than in Britain and the franc is weaker than the pound.

The country is plunged in angst. So it was that the biggest Zurich paper, the *Faaga Anzeiger*, carried a lengthy piece on "Sullenness, suffering, pain, misery and disgust" on the city's streets. Jörg Rohrer studied personal relationships between passengers. The result provides a nightmare picture of a society in turmoil. "General sullenness is the normal atmosphere in the train," it eliminates the power of speech from the passengers' repertoire. There is no conversation on the train. Sullenness demands no special cause, merely being in the rattling transport cage with its clammy hanging straps suffices, even without the dandruff on the nearby shoulders and the pungent perfume from under them.

That creates the right atmosphere for the sociological analysis. "One person is sitting by the window. Another sits down in the next seat. Why beside me? The uneasiness which stems from the proximity of a stranger is expressed by turning the head away, that brings other problems in its train when the train is at a stop and another tramp stands at the platform. It appears that everyone is caught in a trap, for on the other side yet another stranger sits, thereby threatening eye contact through the windows. So all heads face sternly forward at tramstops, only to twist towards the window at the moment of departure. The measure of the unease on the double seats can be seen in the speed with which the victims flee to any single seat that becomes available."

The fear and horror of life on the Zurich tramway system is of course merely a metaphor for life in contemporary Switzerland. The times are changing. Even so their fellow middle-class Europeans, the Viennese, still sneer: "Our central cemetery is twice the size of Zurich, and twice the fun."

Nasavindanga Gazeta of Moscow asked the American economist, Igor Berman, to characterise the state of the Russian economy. "The situation is hopeless," replied the distinguished visitor.

James Morgan

James Morgan is economic correspondent of the BBC World Service.

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PERSPECTIVES

The rush to beatify an impatient saint

Robert Graham on the controversy over a campaign by the secretive Roman Catholic group Opus Dei to make its founder a saint



Man with a mission: Jose Maria Escriva de Balaguer

THE arcane process of beatification has become the subject of an unseemly controversy.

Tomorrow, before an expected crowd of 300,000 pilgrims, who have travelled from all over the world to St Peter's in Rome, Pope John Paul II will beatify Mgr Jose Maria Escriva de Balaguer, the founder of the Roman Catholic movement, Opus Dei.

In so doing the Pope will place his seal of approval on the life and example of this Spanish priest from Aragon who died in 1975. He will also confirm the secretive Opus Dei movement as one of the most powerful forces in the contemporary Catholic Church.

Beatification makes a person a saint and is the final step before canonisation which guarantees a place in paradise. Canonisation can proceed quickly or take centuries. But beatification automatically draws a cult of sanctity.

The cult of sanctity around Escriva has aroused both extreme devotion and deep suspicion. The crowds of devotees who have come to Rome to venerate his corpse attest to his popularity. But his beatification has upset many Catholics, not least among the Jesuit community who mistrust Opus Dei's conservative bent.

Critics say he is being beatified with undue, even offensive, haste. Critics have been cut and hostile witnesses ignored by a powerful lobby which fears Escriva may be viewed differently by another Pope.

Part of the controversy concerned the saint-making process, streamlined by Pope John Paul II in 1983. This produced the biggest shake-up in the 400

year existence of the Congregation for the Cause of Saints which judges each case or "cause". This Polish Pope believes the modern Church needs fresh saints to provide new role models for the faithful, and he has done more than any other pope to create saints from different backgrounds and different countries.

By 1988 after ten years in office, he had beatified 123 people against a total of 79 by the previous seven popes this century. At a time of increasing ecumenism, this continued belief in the value of beatification remains one of the greatest divides with the Protestant churches. The effects of Martin Luther's denunciation of the abuses of the cult of saints and their relics, which led to the Protestant break with Rome, have not disappeared.

Equally controversial is the figure of Escriva. Critics say he was too ambitious, too irascible and too involved with Franco's regime to attain the "heroic virtues" of a saint. This scarcely squares with the image projected by his promoters: a combination of spirituality, charity and temperance with a deep understanding of the problems of coping with a materialistic society.

And in Opus Dei, Pope John Paul II sees an ideal instrument to combat the decay of religion in industrial societies. It is well organised, discreet, conservative and rich. It has the funds to help in the re-vangelisation of eastern Europe. The movement was accorded the unusual privilege of a personal prelate in 1982, the Pope giving Opus Dei the right to appoint its own bishops.

Escriva founded Opus Dei in 1928, conceiving it as a group

of lay people and clergy to spread the Catholic word through their daily working lives. He expected devotees to win converts by example. His philosophy was enshrined in a book, *El Camino* (The Way) published in 1939. It is a curious mix of unoriginal homely aphorisms, common sense advice alongside puritan zeal and exhortations to success. The novelty of his message lay in the emphasis on members continuing in their chosen jobs — indeed this was seen as how they could best serve Opus Dei.

Devotees are expected to contribute from their salaries and to hand over inherited money, this has created the wealthiest modern Catholic movement and led to complaints that Opus Dei retains a sect-like hold on its members alienating them from their families. Opus benefited from close links with the Franco regime. This spread its influence and popularised the view that its members were an influential free-masonry. Although education was strictly state controlled, Opus was allowed to open a private university in Pamplona and establish Spain's first, and still most prestigious, business school in Barcelona. Escriva was active in encouraging Opus to "fish" for future elites in the universities — a policy it also followed in Latin America.

Opus technocrats were willing to enter government under Franco, and in a field restricted by the exclusion of liberals and anyone to the left, they were the best talent available. At least four Opus members were ministers under Franco and they were instrumental in beginning the liberalisation of Spanish economy in the late 1950s.

But Opus' financial history has been chequered. The 1982 liberalisation of banking laws pushed by Opus member Mariano Navarro Rubio was seen as an attempt to break the monopoly of the big banks to allow Opus financiers a share of the action. The most spectacular financial collapse during the Franco era involved Opus connections with the textile group Matassa, which fraudulently obtained export credits. And though denied, it is suspected that Opus backed the earlier career of Jose Maria Ruiz-Mateos, the founder of the Rumasa banking empire which was forcibly taken over with massive debts in 1982.

Escriva's sponsors glossed over both the political connections of Opus and the financial dealings of its members. Of more concern to his detractors are his personality and ideas. Mgr Luigi de Magistris, one of

two members of the eight-man panel of theological consultants in the Congregation for the Cause of Saints who voted to suspend the Escriva cause, raised serious doubts about his humility. He referred to Escriva boasting about depriving himself of water and his vain-glorious mortification.

Escriva claimed a vacant noble title to become the Marquis of Peralta. Although this was reportedly done to please his mother, it was a curious move for a future saint. Maria del Carmen Tapia, an Opus "numery" from 1948-66, has just written a book given much publicity in Spain. She claims she was isolated, had no respect for women and when at table always insisted on being served first.

He was a man obsessed with what others thought of him, she says. Opus, insists Tapia, is a sect which even in Escriva's life-time practiced a fanatical cult of its leader. Tapia,

eral decades" should pass to let passions cool.

The 18 volumes of the *Bibliotheca Sanctorum* list more than 10,000 saints. Many are early martyrs or were created before the process of saint-making was formalised. In the eighth century when the rules were imprecise, the vulgarisation of saints was stimulated by an order that every Church altar be a tomb containing a saint's relics. Not until the 16th century, after the Protestant break with Rome, did the Vatican establish full control with clear rules.

Over the past 1,000 years, two thirds of all persons beatified have been in orders, and almost the same percentage have been male. A study in the early 1980s of causes pending, showed that 156 of the 268 adult candidates came from religious orders and that 65 per cent came from Europe's largest Catholic countries: Italy and Spain. Candidates from the

Opus Dei is said to retain a sect-like hold on its members alienating them from their families.

who lives in the US, claims she was used by Opus to smuggle money from Spain to Italy. She was not able to put these allegations before the beatification process as she was considered a hostile witness.

Another unhealed hostile witness, Father Vladimir Felizman, who resigned from Opus in 1985 after 22 years, says Escriva was ambiguous in his attitude towards Hitler. He also says the founder of Opus was so upset by the liberalising trend of Vatican Council II that he flirted with the idea of allying himself with the Greek Orthodox Church in 1967. Opus spokesmen have denied this.

Escriva also had antagonistic relations with the Jesuits, the most liberal arm of the Church. He sacked his Jesuit confessor, Father Valentino Sanchez, in an argument over Opus.

These criticisms might seem the natural response to a movement which has the Pope's ear and powerful friends in the Vatican. They also stem from a sense of unease that Opus represents a return to conservatism in the Church, overturning the liberalising influence of Vatican Council II.

Mons de Magistris summed up the concerns of many saying: "It seems to me totally ill-advised to assume the responsibility of assessing his heroic virtue at a distance of only 14 years." He said "sev-

large European countries stood a better chance because the religious hierarchies there understood the saint-making process and have the time to pursue a cause.

Only three popes in the past 900 years have become saints: Celestine V (who renounced the papacy in 1294), Pius V (1566-1572) and Pius X (1903-1914). As one Vatican observer said: "We need good popes, not saints, and popes often create many enemies."

A "cause" must begin with sponsors ready to demonstrate their candidate has a specific or universal message — or that their lives lives represented a relevant example to the faith-

ful. Over 6,000 letters backed Escriva's candidature, including recommendations from 69 cardinals and 241 archbishops.

The 1983 beatification reforms cut the time sponsors had to wait before submitting a cause from 50 to five years. The next step is to obtain the Pope's *nihil obstat*, or formal approval to proceed. This is perhaps the most "political" phase, reflecting the prevailing climate for the type of saint preferred.

The present Pope has been cool towards proceeding with the beatification of Archbishop Oscar Romero of San Salvador who was murdered by right-wing gunmen at the altar in 1980 because of the latter's identification with Liberation Theology. On the other hand, he encouraged the cause of Maximilian Kolbe, a Polish Franciscan monk, who died in the Auschwitz gas chambers to save a companion. (Martyrs are meant to die for the faith but the Pope created a new category of martyr for charity.)

The *nihil obstat* for Escriva was given in 1987, six years after his death. Once passed this hurdle, sponsors must have the funds to prepare a *positio* — a sort of theologian's brief comprising a justification for sainthood, biography and exposition of virtues.

The sponsors can "angle" their material, the staffing of the tribunals and the selection of witnesses who give evidence about the "servant of God". For Escriva the main testimony of over 450 pages came from his personal confessor and heir, Bishop Alvaro del Portillo. Mons de Magistris in his judgment of the cause said this testimony should be excluded as too partial.

The Escriva Rome tribunal documents weighed 86 kilos. His complete *positio*, one of the largest ever, was delivered to the Congregation for the Cause of Saints in Rome: within seven years of the *nihil obstat*.

One innovation under Pope John Paul II has been the elimination of the Devil's Advocate who probed the weakness of a saint's cause in a courtroom-style confrontation. The Pope's supporters say this removed a time-consuming ritualistic process. However, the *positio* is now less likely to be opposed.



Searching for saints: Pope John Paul II

One innovation under Pope John Paul II has been the elimination of the Devil's Advocate who probed the weakness of a saint's cause in a courtroom-style confrontation. The Pope's supporters say this removed a time-consuming ritualistic process. However, the *positio* is now less likely to be opposed.

The candidate's tomb is opened for verification and future veneration of the corpse. (It does not matter if it has decomposed). A group of medical experts is called in to verify a miracle performed by, or in the name of, the candidate. The miracle is seen as a "divine sign" of the candidate's choice by God. Martyrs do not require miracles before beatification but they are essential for canonisation.

Almost all miracles relate to unexplained cures of physical infirmities. (Escriva is credited with the miraculous cure of a

tumour on a Carmelite nun). Advances in medicine and science make miracles more suspect and difficult to prove; and the Pope has reduced from two to one the number necessary. The absence of a miracle can delay causes indefinitely.

The sophistication of science and the greater access to archive material combined with a scepticism about miracles makes the beatification process more vulnerable.

In this sense, Escriva could become a test case if details emerges that reveal his life was less than saintly. Kenneth Woodward, an American religious journalist and author of a study of beatification *Making Saints*, warns that there is "a very real possibility that archive material will turn up reflecting negatively on the candidate." He adds: "The potential embarrassment to Escriva, to Opus Dei, to the Congregation, to the Pope and to the Church is obvious."

Hannibal-style habits

Gerald Cadogan considers evidence of human sacrifice

IS HUMAN sacrifice a nasty habit or is it deeply rooted in tradition? The truth is: a bit of both, and archaeology keeps finding new and startling evidence of the practice where we least expect it. Recently I saw the latest find, among the foundations of a new hotel at Amathus, near Limassol in Cyprus.

The Phoenicians of Lebanon probably introduced the practice: they had a long history of human sacrifice, and were a power in Cyprus. But other stories come to mind, from Greece, from Abraham and Isaac, and that of the Lindworm Man, a well-manicured, upper-class 25-year old who was hit on the head, garrotted and had his throat cut before he was placed in a marsh in Cheshire as an offering to the Celtic water god.

The custom of offering young humans to a god as gifts is old and universal, but not frequent. It was best to give one's own child, preferably a first-born male; if he was not available, a daughter would do, or prisoners of war.

In Greek stories the habit is not common. It was seen as something reprehensible that created blood pollution, but at times could not be avoided. The tragedians made good use of it. When the gods deny the Greeks a fair wind to sail to Troy, Agamemnon, their leader, has to sacrifice his daughter Iphigenia. His wife Clytemnestra is furious and has 10 years at home during the siege of Troy in which to nurse her bitterness. When Agamemnon comes home she hurls suicide fury at him, encourages him into a hot bath



and stab him. The next step is for their son Orestes to kill his mother, for which he is condemned to wander in exile, until he reaches the Crimea where he is reunited with his sister Iphigenia, and the pollution ends.

It is difficult to find examples of human sacrifice from the 5th century BC when the tragedians were writing about it. But 800 to 1,000 years earlier, in the Bronze Age, it was certainly happening. Children were buried under thresholds, presumably as an offering of first fruits for the prosperity of house and home. At Knossos in Crete children's bones were found a few years ago with butchery cuts as on animal bones. They are probably the left-overs of cannibalism, perhaps a ritual to avert a disaster.

The leading sacrificers of the ancient world were the Phoenicians, who traded throughout the Mediterranean and founded

colonies in Sicily, Sardinia and North Africa. At their settlement at Carthage in Tunisia — Rome's great enemy — you can see the place of sacrifice, called a tophet, by the harbour. Here thousands of vases were found, all of the same type, containing burnt children's bones and animal or bird bones. Stones mark the sacrifices.

The victims were placed in the hands of a bronze statue, wrote Diodorus Siculus, and then dropped into the flames. Relations were forbidden to weep, perhaps because tears diminished the sacrifice or perhaps rather that they were inappropriate when it led to a desirable end: the children's deification. The young blood rejuvenated the god and bound him to the person who had offered it.

But in 310 BC, after Agathocles of Syracuse defeated them, the Carthaginians thought they had offended the gods by replacing nobles' chil-

dren as victims with children of low birth. When to make amends they decided to offer 200 of the best, so many noble parents volunteered their young that they had 300 to choose from. They also sacrificed prisoners of war, 3,000 of them after they captured Himera in Sicily in 408, and continued these gruesome habits for centuries, until the Romans defeated them and stopped the bloody business.

The newly-discovered tophet in Cyprus is on the Phoenicians' route to their western settlements. Now cleared by archaeologists, it looked like a disused rabbit warren when I saw it last month. Like Carthage, it is by the sea. A slope runs up from the beach and vanishes beneath the concrete of what will soon be bedrooms in the Four Seasons Hotel. Five hundred pots were found, as at other tophets all of the same shape. Originally there would have been many more.

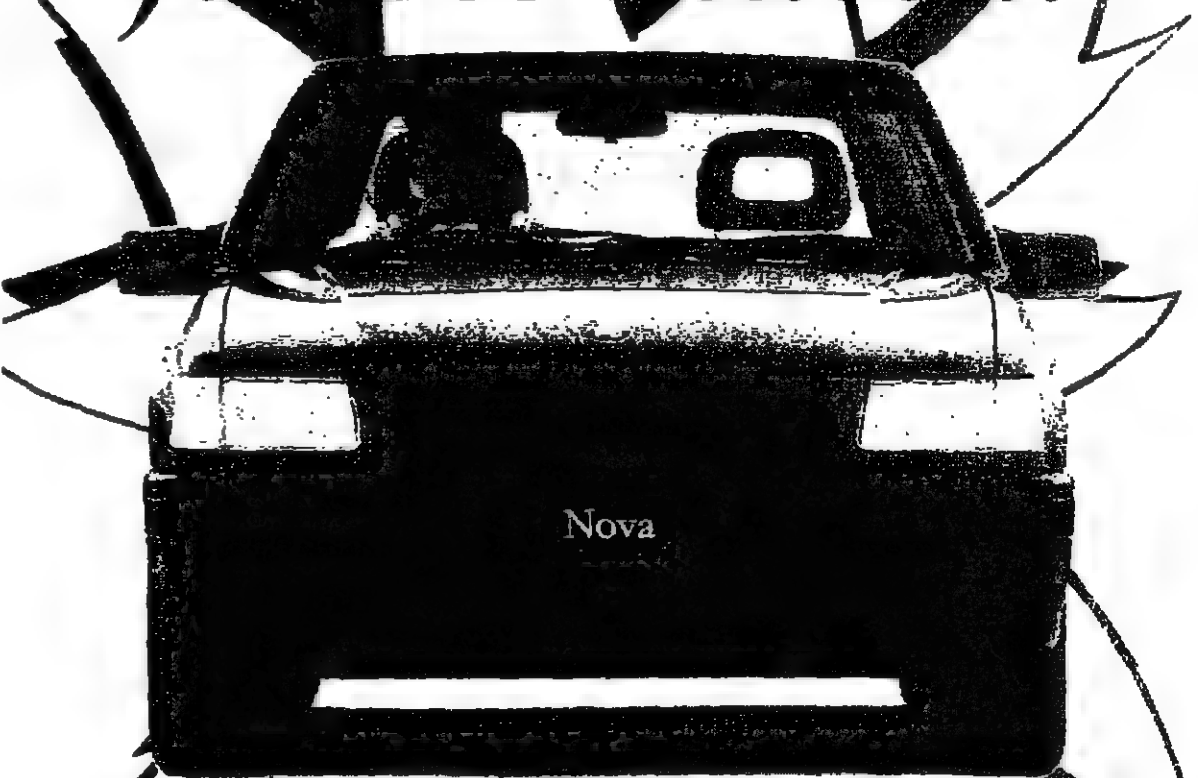
Children, animals and birds burnt in tophets give potency to the story of Abraham and Isaac.

When they reach the high place on the mountain, Isaac, carrying the wood for his own pyre, asks: "Where is the lamb for a burnt offering?" And at the last moment when Abraham has the knife in his hand, God stops him. He may substitute a ram, a male sheep, caught in a nearby thicket.

The tale leads straight to the theology of the sacrifice of Jesus, God's only son and also the lamb of God.

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FOOD AND DRINK

Appetisers / Nicholas Lander

An Italian takeover in Japan

FOR THE winemaker, busy restaurants selling their wine by the glass or bottle are the most effective and obvious way of making new customers. Many wine makers spend a great deal of time drinking their own wine in restaurants around the world as a way of promoting sales.

No-one does it more assiduously than Angelo Gaja, the top winemaker in Barbaresco, Italy, who has seen exports of his wines to Japan soar as the Japanese have fallen in love with Italian food.

In 1988 there were 72 Italian restaurants in Japan; today there are more than 1,000 and by the end of 1994 it is estimated there could be as many as 2,400.

The quality of these restaurants is very high, too. Gaja confessed recently that the best Italian meal he has had in the last six months was in Tokyo at the Ristorante Maini (tel: 0120-11-3778) when his menu included risotto with squid

ink, pasta with Japanese mushrooms and stewed ox tail.

Last month the Enoteca Pinchiorri opened in Tokyo (tel: 03-3289-9081) borrowing its name and style of cooking from the now world famous Enoteca Pinchiorri in Florence, the owner of the Florentine restaurant, acting as consultant.

At its opening dinner to 450 Japanese businessmen, diplomats and journalists it served a typical Italian menu which included Tuscan squid salad, sea bass with thyme and olive oil, lobster ravioli and a range of top Italian wines to match.

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For originality of concept and very high, too, Gaja confessed recently that the best Italian meal he has had in the last six months was in Tokyo at the Ristorante Maini (tel: 0120-11-3778) when his menu included risotto with squid

Belgian fish and vegetable stew was excellent, the selection of more than 20 Belgian beers exciting, and the waiters' uniforms, purple monks habits with black aprons, unforgettable.

It is open all week from 12 noon to 11pm, 72 Chalk Farm Road NW1. Tel: 071-267-0718. Bookings taken on the day only. Approx £20 per head.

□ □ □

News of two new London restaurant openings and three going out of their way to attract new business.

Stephen Bull has opened his second restaurant, a bistro and bar, at 71 St John Street, EC1 (071-490-1750) and Antony Worral-Thompson has moved on to dell'Ugo, a multi-layered Italian bar, cafe and restaurant at 56 Frith Street, W1 (071-734-8330) with a particularly interesting menu.

The Inn on the Park, W1, (071-490-0886) has responded to the

recession by sharply reducing margins on its wine list and Al San Vincenzo, at 30 Connaught Street, W1, (071-262-9623) is replacing its set-price-only menu with a no-minimum-charge policy to attract more diners more frequently. Martin's, at 239 Baker Street, NW1, (071-935-3130) has been refitted as a bar and bistro serving three courses at around £30 per head.

□ □ □

The 1992 Andre Simon Memorial Award for the best food book of the year went to Arabella Boxer and Tessa Traeger for *A Visual Feast* (Century, £20). Oz Clarke took best wine book of the year award for *New Classic Wines* (Websters/Mitchell Beazley, £19.99).

A special commendation went to John and Sally McKenna for their *Irish Food Guide* (Estragon Press, £9.95). The McKennas have just produced three new more detailed

guides to Ireland for 1992 - *100 Best Restaurants*, *100 Best Places to eat in Dublin* and *100 Best Places to stay in Ireland* (£4.99 each).

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Prisoners Abroad is a charity which cares for the 600 British people imprisoned overseas. One of its supporters is also a collector of fine wines who has donated a wonderful range of bottles for a special wine dinner to be held on June 29 at Shampers, Kingly Street, London W1. The wines include mature vintage champagne and white burgundy, magnums of Chateau La-Lieu Las Cases 1981, and bottles of Montrose 1971, Lafite 1966, Domaine de la Romanée Conti Richebourg 1982 and Dow 1963. There are 16 places available at the dinner and interested bidders should phone Mark Astarita at Prisoners Abroad (071-893-3467) who is hoping for offers of a minimum £100 per place.

FT DUO WINS FOOD AWARD

IN THE 1992 Glenfiddich Awards, made to those who have helped raise the standards and enjoyment of what we eat and drink, the Weekend FT food and wine page had three of its writers shortlisted. Jancis Robinson was nominated for drink writer of the year, Nicholas Lander for restaurant writer (they are pictured below) and Philippa Davenport for cookery writer.

Our husband and wife team, Jancis Robinson and Nicholas Lander, won the third category for which they were entered when their television series *Matters of Taste* (C4) was voted television programme of the year.

The food book of the year was awarded to Elisabeth Luard for *The Flavours of Andalusia* (Collins & Brown £14.99) and the overall trophy to Claudia Roden. Roden has written extensively on the cooking of her native Middle East and her book on *Coffee* (Penguin, £4.99) remains one of the most enjoyable on that subject.



Jancis Robinson goes to New York to meet the world's most influential wine merchant and Karen Fricker looks at US wholefood

THE US may no longer enjoy its mid-1980s status as the wine world's biggest spender, but Abdallah H Simon is still the lynchpin of the international wine trade.

This is not just because he is such an important customer - his Chateau & Estate Wines Company sells up to 40 per cent of America's imports of fine wine, notably classed-growth Bordeaux - but also because he is the only wine merchant to be taking decisions crucial to the world's wine trade with the benefit of four decades' experience.

A measure of the breadth of that experience is that Simon must be the only *Chateau de France's* elite *Legion d'Honneur* to be a graduate of England's Southport College, the University of Beirut, the Iraqi army and, when he finally managed to escape rising anti-semitism in his native Baghdad in 1943, the US forces in Europe.

It was a seminal bottle of *Chateau de France* 1929 that propelled him from the family textile business into the fledgling US wine trade to which he has applied his business skills for 40 years. 15 of them creating Chateau & Estate, an empire to his own specifications within America's leviathan of liquor, Seagram.

Revered by all who matter in America's wine business, he is of course courted assiduously by some of the world's grandest wine producers. It would be reasonable therefore to expect a certain arrogance in the man, but from Bordeaux to the Bronx it is agreed that the softly-spoken 70-year-old Simon is, above all else, a gentleman.

The US wine trade needs Simon. His honour and old world manners legitimize it. His warehouses feed it. His salesmen service it. His company effectively finances its investment in the now all-important wine futures market. (In many states, including New York, customers cannot be invoiced until the goods are delivered, which may be two years after wine futures are reserved - hence some cancellations, notably of the somewhat stolid 1989s, which have not smoothed Monsieur Simon's biannual path to Bordeaux.)

But the wine world needs the man himself at least as much as the corporation's ability to finance two to four years' stock. His contacts in France are personal and unparalleled. Only a handshake seals C & E's agreements with the 200-plus regular imports listed somewhat incongruously in Seagram's corporate Brand Index, from St Emilion first-growth Chateau to Trimbach's obscure Liqueur de Framboise raspberry syrup.

In New York Ab Simon has additional duties as arbiter, father confessor and sounding board. "Don't ask me about him, I tend to get emotional," says Marvin Shanken, hard-bitten publisher of the industry's most-read publications. "I really love the guy. Whenever I've had controversy as a journalist, whether he represents the wines himself or not, he's always given me an honest appraisal."

Michael Aaron, head of New York's most traditional smart wine merchant Sherry Lehmann, readily admits: "If I formulate an idea about something, I



Frannie Simon with Louis Latour (right) and Ab Simon who won't be buying the 1991s

The gentle giant of Park Avenue

call Ab to see what he thinks. He's a positive asset to the whole industry because he really understands the whole picture."

Understanding the whole picture nowadays means much more than being able to speak French and German and eat with a knife as well as a fork. It means coming to grips with America's increasingly faddish wine buyers, all of whom depend on the same two or three authorities to tell them, through controversial scores out of 100, exactly what to buy. "Scores? Well, look," says Simon. "We're novices in the wine market. Our consumers need to be guided. And the scoring system has definitely been very good for business."

American collectors today will buy only those years sanctioned by the oracles, which means that C & E sold 1.5m bottles of 1989 classed growth Bordeaux, but less than a fifth of that so far of the less-publicised 1990s. If Ab Simon earned the respect of the wine world by well-publicised efforts to hold down prices of the 1988s, his most expensive

mistake was buying the overpriced, unloved 1984s in order to keep his allocations with the châteaux.

That small but vigorous American minority prepared to pay \$20 for a bottle of Bordeaux nowadays has been primed to scorn 1984, which is why C & E's 1984s (even the fabulous Chateau Petrus of which C & E are given 90 per cent of the US allocation) are still being offloaded, via French and even British merchants, into French supermarkets.

Simon has learnt his lesson. "The 1984s highlighted for us that the US consumer needs a strong clear image of a vintage. For that reason we won't be buying the 1991s, except for taking up our small allocations of the first growths, because the image of the 1991 harvest is so confused. And the 1991s are coming out at prices that are too high, higher than the 1987s which are not exactly selling, as we say, like hot cakes. The 1991 vintage is not for us in terms of futures and I don't think it is for the US market even after it has been

bottled." (Take that, Bordeaux.)

He was to communicate all this to Christian Moueix of Chateau Petrus over lunch the next day (he lunches about twice a week at the famous Four Seasons restaurant just below his quiet Park Avenue office). That night he and his popular wife, Frannie, with whom he always travels, were still hosting a 16-wine dinner for 50 at 11.30. Those of us three decades younger found it quite punishing.

But Simon says he has no plans to retire, and that last year's heart surgery should have set him up for many years more. "I try very hard to do the right thing," he claims as his motto. But there are those in the wine trade who feel that no eventual successor could possibly match his probity - and there are those who fear an option with very much more serious consequences, that Simon alone is capable of keeping Seagram's faith in the exceptionally labour- and capital-intensive fine wine market.

J.R.

Shoppers go for a wholesome option

"PLEASE, Mommy, can I have a rice cake?" The cry echoes down the wide, pristine aisles of the Bread and Circus Whole Foods supermarket in Hadley, Massachusetts.

Other shoppers smile benignly - naturally, kids are welcome at Bread and Circus. The store even provides miniature shopping carts so that kids can pretend-shop while Mom and Dad do the real thing.

If all this leaves the shopper weak-kneed and hungry, there's the Bread and Circus in-store cafe, with an ambience so pleasant that locals go there even when they're not shopping to sip cappuccino and nibble on whole-grain muffins. Bread and Circus even provides reading material to browse through during break-

fast: informational leaflets, including *A Guide to the Benefits of Fiber and Every Day Ways to Greener Living* are available from the nutritional and educational consumer information section, and the book department prominently displays *The Bread and Circus Wholefood Bible*.

Shopping at Bread and Circus is an education for those who think wholefoods eating means a no-fat diet. The wholefoods movement sprung more from concern for safe food than healthful food: what you get at Bread and Circus will not poison you, but it will not necessarily make you thin, either. Its cheeses may be only the purest available, but triple cream brie is triple cream brie, and the gooey rolls and cakes in the bakery, even if they are baked with whole-wheat flour, add the same inches as their conventionally-prepared counterparts.

Natural foods supermarkets thrive in affluent and educated suburbs; a whopping 80 per cent of Bread and Circus' customers have college degrees. Shopping at natural foods supermarkets costs, on average, 20 per cent more than at conventional supermarkets, but experts and shoppers agree

that natural foods supermarket requires a reconsideration of the notion of value. A whole-grain loaf may cost more than an equivalent amount of white bread, but that money buys better-quality food that improves the consumer's health. As the Bread and Circus promotional literature puts it: "Comparing the price of our wholefoods with the prices of conventional foods is like comparing apples with oranges."

The story behind Bread and Circus has been, until recently, archetypal of the trade: the store's founder, Anthony and Caroline Hartnett, are natural foods enthusiasts who still run the privately-owned company. Anthony Hartnett, born in County Clare, Ireland, became interested in natural foods by reading an article about macrobiotic cuisine in the *London Evening Standard*; his Louisiana wife is a macrobiotic chef.

They opened Green Acres, the first natural foods store in Dublin, Ireland, in 1972, before they came back to the States to open the first Bread and Circus in 1976. Bread and Circus is now the largest wholefoods retailer on the East Coast, with annual sales exceeding \$55m and over 550 employees.

Similarly, Sandy Gooch founded Mrs Gooch's Natural Foods Markets in 1977 when she discovered that it was nearly impossible to find wholefoods in the Los Angeles area. Mrs Gooch's is now a seven-store chain that takes in over \$55m a year and employs 800 staff. Mrs Gooch's wholefoods doctrine is even stricter than Bread and Circus's allowing no chocolate, caffeine, or alcohol.

A concept this timely could not stay in the family for long. 1991 saw the opening of Fresh Fields, the first wholefoods supermarket chain founded not by natural foods enthusiasts but by businessmen, including Leo Krahn, the 75-year-old founder of the Staples \$340m cut-rate office products chain. Purists scoff at Fresh Fields' unideological stance and lax standards, but their stores are doing well, further encouraging natural foods marketing into the American mainstream.

K.F.

THE WRITING is on the wall: Europe will soon be awash with AOCs, DOCs and DOGs - government certificates applied to every form of quality food and drink. It appears to have been the Spanish who first had the bright idea of making the *Dénominación de origen* used for their wines and extending it to food, but the French were not slow to catch on.

Now Brussels is learning of the pressing need to protect the best Norman carrots with an *appellation contrôlée*. If they succeed, the carrots will enjoy a similar status to the best of burundy or claret. And where are the British in all this? Simply nowhere. There isn't even a working translation for *appellation contrôlée*.

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HOW TO SPEND IT

Eye-catching shapes to put you in the shade

Expensive sunglasses are no longer just for poseurs. They are becoming an essential fashion accessory, says Lucia van der Post



SOME USE them to hide their hangover, some to look glamorous, some to seem famous and others just to "avoid having to say hello". And some people, of course, even wear them to protect their eyes. We are talking about sunglasses, the ubiquitous shades without which no Grand Prix race, film festival or fashionable night happening could take place.

Shades these days are more than just a passing fad. They are part of the growing essentials of the fashionable person. Ritzy designers worth their logos turn them out in droves. Men and women no longer content themselves with a single pair for serious jet-lag or the tropical sun - in fashionable circles they are bought like handbags, a pair to match the mood and occasion.

For those who think that shades are only for poseurs, it is worth saying that this is simply no longer true. The evidence is piling up that, these days, eyes need protecting from the bad rays of the sun - the UVAs, B's and C's - that are increasingly penetrating the thinning ozone layer. All have long ago been identified as being harmful to the retina and contributing to the growth of cataracts. Of all the rays, invisible ultra violet radiation is the most dangerous to the human eye and, of course, not easy to identify. For instance, in Namibia, which I have just visited, inside the characteristic thick morning mist rolling in from the Atlantic shore hover highly dangerous ultra-violet rays.

So, having agreed that shades these days are more than just a glamorous fashion accessory when strong sun-

light or ultraviolet rays are around, how do you choose them?

The temptation is to begin with the frames. Thick tortoiseshell from Giorgio Armani, solid black from Valentino or little round metal ones from Romeo Gigli? A tempting roll-call but - hold your horses - take a look at the lens first - most of the big names produce lenses of high optical quality and lenses is where you should really start.

Danka Barnett, President of the North London Optometrists Society, checking on the label to see if a lens is produced to British Standard 2724 - not easy to do as many, particularly the most fashionable sunglasses, are imported. Good opticians, however, will give advice and most will not deal with lenses which are not up to proper optical standards.

The British Standard classifies sunglasses into several categories of which the most relevant are for:

■ Cosmetic Purposes (mainly just a fashion accessory, these lightly tinted glasses will not protect against significant sunlight);

■ General Purposes (will reduce glare in bright conditions, including driving in daylight);

■ Special Purposes (which means they will reduce glare in abnormal conditions such as sailing and skiing).

Rather glass or plastic or glass lenses will do. Plastic lenses can protect the eyes just as well (provided, of course, they have the UV filter) but they are slightly easier to scratch unless they are coated.

On the whole, plastic is better for action sports and glass should certainly not be used unless it has been toughened.



Glass is usually slightly heavier than plastic although it can be made a lot thinner and so is cosmetically better for those who have a heavy prescription.

Some manufacturers, such as Luxottica, produce lenses of tempered crystal, making them more resistant to scratching and breakage.

Remember that the colour of the lens has nothing to do with how much UV protection they

provide. If lenses are coloured, but do not protect against UV rays, Danka Barnett says they are more damaging to the eyes than wearing no glasses at all. The eye, noticing that it is dark, dilates making it more vulnerable to the sun's rays, whereas usually in bright sunlight an eye with no glasses over it uses its own protection system by contracting the iris and allowing fewer rays to penetrate.

If you have not bought a pair recently you may need to sit down before you consider the matter of price. A designer name, such as Armani or Valentino will cost anything from £85 to £160, while Yves St Laurent starts at £110 and at Cartier, a £290 price tag, if not *de rigueur*, is rolled off without a blush.

A designer name is not just a

High summer look from Yves St Laurent (top left) £153, from Harvey Nichols new sunglasses department, London SW1, Flor of Brompton Road and for further stockists tel: 071-625-5282. The Giorgio Armani way with shades (centre left) - £95 from Harrods of Knightsbridge, London SW1, the Armani boutique, Sloane Street, London SW1 or ring 071-625-5282 for other stockists. For some, nothing but Cartier (centre right) will do - even if they do cost £290 a pair. This is one of Cartier's latest looks for the summer. From 178 New Bond Street, London, W1Y 0QA. From Valentino, matt-black chic at £143. From Specs of Kensington, Earl's Court Road, London W8, Flor of Brompton Road, London SW1 and for other stockists ring 071-625-5282. Here is 60s chic with Benson & Ashby (left) - black, tortoiseshell or brown plastic frames, £29.99 a pair

way of paying a lot of money for something that could be bought cheaper - designers have to solve complicated functional and technical problems as well as producing frames and lenses that give the consumer the image he is after. A canny manufacturer such as Luxottica needs designers such as Armani and Valentino not just for their names, but to make sure his ranges are at the forefront of fashion.

Ever since Bausch & Lomb was asked to produce anti-glare glasses for fighter pilots in the 1930s and came up with the functional Aviator shades, sunglasses have joined that troupe of accessories that tell the world more about you than you may wish it to know.

For years Ray-Bans (as they came to be called) Aviator and Wayfarer shapes were the only frames to wear (they still are perennially, classically fashionable) but these days the choice is vast.

At Harvey Nichols, the Knightsbridge store, a snazzy new sunglasses department has just opened and Daniela Rinaldi, the buyer, tells me the two current looks are big arms, wide eyes, wide-frames in tortoiseshell - Persol, the Italian brand, at about £99, Outlier & Gross (cats-eyes shaped, tortoiseshell frame) at about £70 - and small-round

metal frames (here the lead brands have to be Gaultier, at anything up to £300, and Romeo Gigli).

Confident extroverts could go for Moschino - lots of cheeky designs like credit cards and combs on the arms, spots and colour, Dame Edna-style jewel-encrusted frames, all jokey, fun and slightly tongue-in-cheek at prices ranging from £108 - £185.

Almost every manufacturer these days has to offer its own version of the shapes now in fashion - little round metal frames, Jackie O, Grace Kelly, teamed with Hermes-style silk scarves (think of the Riviera circa 1960 *To Catch A Thief* time). For the shapes without the chichi price tags, Mazzuchelli is a name to look out for - most lie in the £50 - £89 bracket.

Serengeti's is a good photochromic range - traditionally fashionable with toughened glass making them safe. The Aviator shape sells the best in that range.

For drivers looking for protection, it would be hard to beat the Serengeti range. Dolland & Aitchison, a chain of some 500 opticians around the UK, reports that Serengeti is one of its best-selling ranges. Not cheap - prices range from over £100 to £250 - they sport specialised photochromic

lenses. The glass is toughened and the lens is graded in colour so that it is darker at the top, giving more protection when looking into setting or rising sun, and lighter at the bottom so that the driver can still see the dashboard.

Persol, it seems generally agreed, does the best fold-ups at about £99 but it also has a popular Italian cats-eye style - wide-armed in tortoiseshell, also at about £100.

For those who wear glasses all the time, there are two solutions. Clip-ons were once considered *naïf* but these days they are all part of the look. Dark clip-ons start at £5.99 and designs get better all the time.

Best of all for the four-eye set has to be prescription lenses. Dolland & Aitchison opticians is at the moment offering tinted prescription lenses for \$69 in plastic or metal frames in reasonably fashionable styles (including a wide variety of aviator designs). Bi-focals will cost a little more.

Those who - whisper it quietly - are prone to sweating might look at titanium frames. These are extremely light and so cause less pressure and the metal is unaffected by acid in the perspiration. A good range to look at is one produced by Luxottica.



FAR FROM THE GOLFING CROWD

On the 29th June 1992, members of Castle Combe Golf Club will drive off for the first time on this magnificent new course. Not that they will need to rise early. With an absolute total of 550 full members, Castle Combe is scarcely likely to be overcrowded.

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Put your best foot forward

IN 1851 there were 38,000 shoe makers in London. Andrew Lawson's book, *Handmade in London*, tells me. Today, I would bet my shirt the numbers were well under 100. Price and the proliferation of good quality factory-made shoes has put most out of business.

However, my mail, filled with the cries and whimpers of those with strange-shaped feet, with bunions and other problems, would seem to indicate that there is still a need for a hand-crafted bespoke shoe - if only it could be had at an affordable price. With that most eminent cobbler, John Lobb, charging

from £995 (plus VAT) for a first pair of shoes and a usual waiting list of between three to four months, a pair of bespoke shoes has become a luxury beyond the reach of all but the few.

However, at 4 Paddington Street, just off Marylebone High Street, London W1, is James Taylor & Son, which has been providing hand-crafted shoes and a raft of other shoe services since 1857. Prices there are not cheap - how could they be with skilled labour and fine leathers costing what they do? - but they offer considerable value for money.

Top of the James Taylor range is, of course, the made-to-measure shoe, not cheap at £595 plus VAT, but it is £400 less than Lobb's. Made on the premises by craftsmen who use individual lasts and fine leathers from goats, calves, kids, lizards and sheep, they can, within reason, make almost any style but, of course, like any fine cobbler specialise in classic brogues, Derby's and all the rest. Delivery is usually about two months.

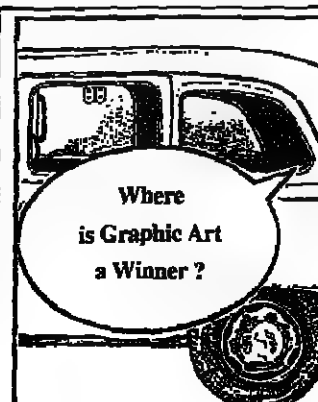
There is an intermediate service where measurements are taken and sent to a factory (John Locke) specialising in traditional fine footwear where they are made on a standard last that accommodates the measurements as nearly as possible. This is not, obviously, the same as having an individual last made to fit just your feet but they find that on the whole most feet can be happily accommodated. Delivery of these takes about



two months and prices are from £350 (inc VAT) for women, and from £380 (inc VAT) for men. There are lots of useful ancillary services as well. Besides a range of ready-made shoes (Crockett & Jones classic men's styles, Finn Comfort walking shoes, Status Shoes to give more height), James Taylor will alter or adapt existing shoes,

whether their own make or not, and will repair and hand-sew soles or polish shoes. It will make to measure foot supports for long arches and metatarsals, raise heels to balance unequal legs and in general do anything to make your walking life more comfortable.

LvdP



A. James Ferguson, whose illustrations add colour to the Weekend FT, was awarded Graphic Artist of the Year in the 1991 British Press Awards.

Last weeks winner. Peter Smith - Chilworth Communications.

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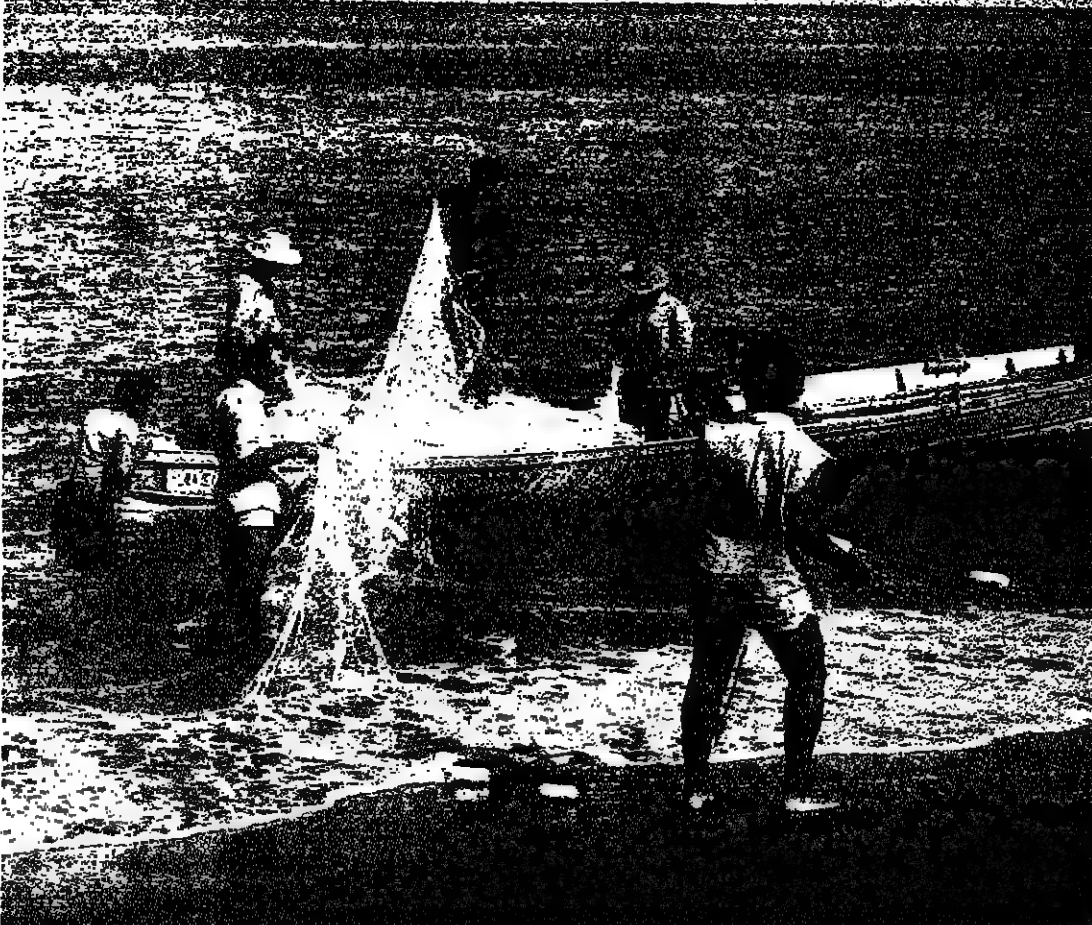
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TRAVEL

France in creole form

James Henderson philosophises on a Caribbean beach



Fishing at Bellefontaine, Martinique

THE HEAT and the glare of the Caribbean sun begin to play tricks on your mind after a while. As I lay on the beach, the sea loomed at me in a surreal blue and an outsize pelican wheeled in the sky. And then it struck me – the absurdity of existence! After years of tittering at existentialism, could it have finally happened? Being and nothingness on the beach? Don't be ridiculous, I thought. Yet what more fitting place for dreamy French philosophical ramblings than Martinique, traditionally the heart of the French Caribbean? France always had a more thorough-going attitude towards colonisation than the British. Martinique has the strongest attachment to the *métropole*, as mainland France is known. The best and worst of France seems to be there in creole form: the bands of municipal strimmers, the well-dressed coquettes – and that infuriating point when they are refusing to help you.

The Martinicans are traditionally a bit more conservative than their *compatriotes* in other islands. They also have something of a superiority complex, which derives from their history as the senior French island, through which all business with the *métropole* was conducted. The principal port, St Pierre, was known as the Paris of the Lesser Antilles because it followed French fashion so closely. The *dou-dous* (*douces chéries*) of Martinique, mulatto girls of French and African descent, were

famed as the prettiest in the area.

A telling moment in the Martinican history came with the French revolution. The ideals of *liberté* and *égalité* could hardly tolerate slavery. But the royalist planters of Martinique preferred to call in the hated English rather than lose their ascendancy.

Not so in Guadeloupe, the other large French island, which lies 100 miles or so to the north. Here the *patrimoine* gained the upper hand and the slaves were freed. Today, Guadeloupe is a *département* with the same status as Martinique, but it has always had a slightly more detached feel about it.

One of my favourite Caribbean beach bars is on the north coast of Guadeloupe. Chez Francine is a log cabin with covered terraces lined by sandy walkways, set in a garden of banana and bougainvillea, all shaded by coconut palms. The view is superb, particularly as the sand turns golden in late afternoon light.

Lying in a hammock in scenery like this is a time-honoured pastime here. There is something about the climate which seems to encourage it. In fact, the Caribbean and the Indians, who lived here before Columbus arrived, actually invented the hammock.

Francine herself disturbed me from my reverie as she rode up through the trees on a mountain bike, followed by her loping dog. Her hair was straighter than most Guadeloupeans' and her eyes were slightly plucked – characteristics

of the Caribs, she told me.

Over scoursop milk and *accras* (codfish batter balls), we chatted about aphrodisiac cookery and about Guadeloupe and the *métropole*. Perhaps it was the Carib in her, but she found it difficult to feel a national identity with France.

As the sky darkened, the tree frogs began to peep rhythmically on the cool air. And with them came one of the Caribbean's only afflictions: sandflies. They are so small that you can barely see them, but they pack an infuriating itch, from your ankles to your knees. Francine spun the top of a rum bottle and told me to rub some into my legs.

St Barts, France's smallest but probably best-known Caribbean island, only watched the Revolution from the sidelines because it was not French at the time. It was on loan to Sweden for 100 years, in return for a warehouse in Gothenburg.

Today St Barts is a classic Caribbean playground, as only the French could conceive – neat and very chic. Here, tanned beauties idle by in only a nuance of a bathing suit and their pig-tailed boyfriends tame the slightest windsurfers. In the evening they repair for dinner *à deux* and jazz. The regular site transport on St Barts is a mini-motor or a Suzuki four-wheel drive, wherever you are, they seem to be slipping by. You can tell a hip place by the 150-yard line of them parked nose to nose.

And there is not much in the way of philosophy to be found in St Barts, either, except a thoroughly 20th century pleasure principle. Thus it was that I was chattering with Chantal, champagne flute in hand, high on a balcony above Gustavia, the town.

Chantal was a stylish nymphette – knee-length shorts and earrings that might have doubled as tennis racquets – and she was a Barthelme of only two months' standing. She was really from Lyon. She was out there helping to run a dive-shop. We stood listening to Germain and Cole Porter and she pointed out one or two of the celebrities that St Barts seems to collect.

To be honest, they were lost on me, but then the drink was having its effect. Besides, I was beginning to fear another attack of the absurd, this time brought on by a huge earring that was threatening to swing round and hit me. Slightly dazed, I headed for my hammock.

Getting to the French Caribbean from the UK involves a change of aeroplane. Air France flies to Martinique and Guadeloupe daily from Paris.

In Martinique stay at the Novotel Diamant (tel: 596-764242) or the Auberge de l'Anse Mitan (596-9999) on the beach; in Guadeloupe, Le Hamm (590-855999) or the lower-key Touhana (590-277889); in St Barts, there is hilltop luxury at the François Plantation (590-277889), the new Ile de France (276131) on the beach, or the fun of La Banane (276826).

Two Welsh rivers with secrets to tell

Michael Woods follows the glorious progress of the Wye and the Dee

THE FALLING sun cast a golden light over the bracken and the recently mown hay meadows. Grey lines of bleating sheep followed grass ledges across the steep slopes and a shepherd on a pony, accompanied by three tongue-lolling dogs, plodded slowly home.

Below, the silver river wound across the temporary flatness of the valley bottom, a moment of calm before sparkling downwards once more through a rapid rocky bed. In spite of the fine weather and the summer holidays, the early evening Welsh countryside was empty of traffic. I had the road to myself.

This was the upper Wye valley but it could equally have been the higher reaches of the Dee, for both rivers share similar beginnings. The Dee first sees the light of day in the southern part of Snowdonia national park, leaving Bala lake and flowing eastwards away from the sea.

The Wye bubbles up from the slopes of Plynlimon and it, too, goes away from the nearest coast in a south-easterly direction.

Apart from having only three letters to their names (it is surprising how many rivers, from the Fal to the Tay, have short names), these two rivers have much in common.

Both rise in Wales but flow for part of their length into England where they pass English cathedral cities. In the case of the Wye this is Hereford where, presumably, there was a crossing-point over the obstacle of the river.

The busy market area that has grown up there with its broad pedestrian streets, stone cathedral and small portions of city wall still visible, notably incorporated in a supermarket, seems to continue to view the Wye as a nuisance, turning its back on the river and allowing little obvious access to the water.

At Chester, the Dee is welcomed much more openly for the river was once the life blood of this important Roman port, bringing trade from the sea long before Mersey-side was thought of. The battle to preserve the channel of this constantly silted river was a long one, culminating in the canalisation of the final stretch from Chester to the sea, significantly improving the drainage of the adjacent farmland. The struggle for the old harbour has been lost and it is now the Roodee, the city's race-course.

A water tower stands some way from the Dee in the midst of whose waters it was constructed in 1925. This tower is connected to the remarkable curtain wall which forms a fine elevated pedestrian route around the city and can be joined and left at any point in either direction.

It led me from the car park to the river where I found a busy waterside scene. Swans and ducks came for bread, small boats were for hire and there were regular trips on the large ones. A little downstream is the weir over which flows a glittering but carefully regulated amount of river, for the Dee is used as an open pipeline to bring water from the wet Welsh mountains to Liverpool.

Particularly in their lower reaches, both rivers form boundaries, not only between counties but between England and Wales. And both have their secrets. Tucked away in the hills, along narrow lanes and up a steep drive, I discovered Celyn Vale Nurseries, devoted entirely to the growing of gum trees. The owner planted them originally to shelter his own land and discovered that these fast-growing evergreens, if raised from progeny growing naturally in the mountains of southern Australia and Tasmania, did well in the Welsh countryside. Now their interesting, if ecologically dubious, silver green foliage adorns this Welsh hillside.

In turn, the Wye has its chair bodgers, hardly a fitting name for members of an historical craft, who hide themselves away in woods near Newbridge on Wye and run open-air courses for budding bodgers. Unlike those on the Dee, very many of the Wye towns and villages have included the name of the river in their own. Ross-on-Wye, which occupies a commanding position on river cliffs practically overlooking the water itself, is English, while most of the rest are Welsh. Hay-on-Wye,

though, would have you believe that it is entirely independent. This so-called book capital of the world contrives, in a rather antagonistic way, to declare itself a separate kingdom, which I felt gave an otherwise pleasant town an unhappy atmosphere.

I much preferred the straightforward nature of the riverside notice at a nearby village which read: "Fishing only by permanent inhabitants of Glasbury – unless with the prior permission of Major De Winton."

The Wye, rejuvenated in the steeply wooded Wye Valley, has flowers in a ruined testament to the efforts of monks of old. The Dee, as befits a river flowing in the industrial north, has a more modern but still working monument to man's ingenuity, the huge canal aqueduct near Llangollen.

In a trough of cast-iron over 1,000 ft long and built in 1796, the Ellesmere Canal is carried over the River Dee whose brown tumbling waters rush over rocks some 125 ft below.

Motoring through France with Stuart Marshall

Coping with the autoroute

THE FIRST time my wife and I drove to the south of France we went in our VW Beetle. It took the best part of three days, with two overnight stops.

If nearly three days seems a long time to get from Calais to Le Lavandou, remember that in the early 1980s there was virtually no autoroute in France.

Most of the N-roads (routes nationales) had changed little since Napoleon had lined them with plane trees to shade marching troops from the sun. Stretches of cobbles were still in place which is why French cars were noted for their soft seats and resilient suspensions.

Driving through France on the autoroutes is now so easy – and even the cheapest family-type cars so good – that a determined driver can make the 700 miles (1125 kms) from Calais to the Mediterranean in a single day. But I would not recommend it. For a solo driver, more than 12 hours at the wheel almost always turns out to be fatiguing. And for the unfortunate passengers, a feat of endurance. They are, after all, supposed to be on holiday, too.

Before anyone reaches for pen or phone to tell me how they have driven from Calais to the Mediterranean in ten hours or less, I would say this.

You may (like me) have got away with cruising naughtily at well over 100 mph (160 kph) on the autoroute in the past but you are unlikely to be so lucky today. Enforcement of the 81 mph (130 kph) limit that drops to 110 kph or 68 mph in wet weather grows stricter by the month, as speeding Britons are finding to their considerable cost.

Quite apart from the on-the-spot fine, remember that the delay while the police do the paperwork (and where was your grandmother born, *monsieur*?) will ruin your average speed anyway.

So where to stop overnight? Assuming a mid-morning Dover-Calais crossing, Avallon is convenient. It is almost at half distance between Calais and, say, Marseille.

Which hotel? As you will be spending your own money, not a company's, try the Relais Fleuri. Leave the A6 at Avallon, take the first right after the *peage* and in three minutes



It is on your right. We discovered it about 15 years ago. Our usual Avallon hotel, the Chapau Rouge – not expensive, even though the restaurant used to have one star in Michelin's Red Guide – had been going downhill. It was time for a change. Relais Fleuri, a simple motel with a restaurant in an old farmhouse, was cheap, comfortable and convenient.

Now it is twice the size, no longer so cheap (about £75 for a double room and dinner) but still fair value. Be on the road by 9 am, do not linger over lunch and you should be in good time to dine anywhere between Narbonne in the west or Menton in the east.

This assumes all goes well on the autoroute. It probably will if you avoid weekend travel, especially on the Paris-Lyon A6 and Lyon-Marseille A7, between mid-July and the end of August. They become so congested that rush hour travel on our own M25 London Orbital motorway seems quite tranquil by comparison.

Paris *periphérique*? It is often, but not always, a thrombotic ordeal. A north-south driver can dodge some of it by leaving the A6 just after Charles de Gaulle airport, taking the A3 and joining the *periphérique* at porte de Bagneux. On a good day it is then only 15-20 minutes to porte d'Italie and the easily missed slip road for the southbound A6 to Lyon.

If you have great confidence in your navigator, miss the *periphérique* altogether by going from the A3 to the A86 and then the N186 which connects with the A6 just north of Orléans. Be sure to have a good map such as Michelin's spiral bound motorist atlas of France. I would not cross the Channel without mine – or its companion, the Red Guide to French hotels and restaurants. The good news is that from June 15 it will not even be necessary to take the busy A1 and A6 autoroute for most of a fast drive to the south. The long-awaited missing link in the A26 between Chalons and Troyes is due to open that day.

This lightly used autoroute joins the A5 near Langres and continues south as the A31, bypassing Dijon and connecting with the A6 at Beaune. Think of it as a French equivalent of the M40 extension, which lets people like me reach Birmingham without going near the M1.

The 202 miles (325 kms) of the A26 from Chalons to Reims seems to be one of Europe's easiest drives. Returning from Geneva a couple of months ago there was so little traffic from Reims onward that I set the cruise control at 140 kph (86 mph) – just a wee bit over the limit – and left it untouched for more than an hour. Try doing that on any British motorway.

I have no favourite stopover in the Champagne country but recommend lunch or dinner at La Terrasse in Epernay. It has just one knife and fork in Michelin but a three-course tourist menu of good quality is stylishly presented and costs little more than a decent pub lunch in Britain. Going to

Epernay means leaving the autoroute but I reckon La Terrasse is worth the detour.

French motorways are really quite civilized even if driving behaviour on them is sometimes anything but. There are frequent stopping places, with loos and picnic tables. At the big service areas you can eat pretty well. Britain's motorway restaurants lost their greasy spoon and chips-with-everything reputation long ago. But I still look forward to lunch at l'Arche or a Court Paille cafeteria on the autoroute more than I would at a similar place on a British motorway.

You pay a toll to use French motorways, except those around big cities like Paris. At the moment, driving a car from Calais to Marseille costs FF284 (about £30) in tolls. More if you tow a caravan or trailer. A credit card like Visa or Access does nicely at the *pages*.

But why rush down as the Mediterranean as quickly as possible? A more leisurely journey by road and D (departmental) roads will prove it really can be better to travel than to arrive.

The main and minor roads of France carry much less traffic than their English (though perhaps not Welsh or Scottish) equivalents. Most of them are very well surfaced. Signposting is easy to follow once you get used to the idea that an arrow pointing to the left or right may actually mean you go straight on.

You will save on tolls but spend a lot more time and, of course, more on overnight accommodation. But who knows? Thirty years from now you may remember every detail of your slow trip to the Mediterranean. The quick ones you may prefer to forget.

If you are taking your car across the English Channel by the short sea route from Dover to Calais, P&O and Sealink Stena have their best ships on the run – superferries almost as big as ocean-going liners.

Use club class if you are not going to eat and consider a few pounds extra worth spending to be able to read the papers and drink coffee (both free) in the peace and quiet of a nicely furnished lounge.

Hovercraft (from about 35 minutes) are faster but that is about the only thing in their favour.

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TRAVEL/SPORT

Awful intimacy with tablemates worth \$500,000

WE DEFINE our horror journeys according to our tastes, said novelist Martha Gellhorn, whose own definition of what makes a journey wholly or partially horrible was boredom.

"Add discomfort, fatigue, strain in large amounts to get the purest quality horror," she wrote in *Travels With Myself And Another*. "but the kernel is boredom. I offer that as a universal test of travel: boredom, called by any other name, is why you yearn for the first available transport out. But what bores whom?"

One sort of travel that did not appeal to her was grand culture touring - the antiquities of Greece, Ethiopia's Coptic churches - with a charming scholar-lecturer to inform and instruct.

But cruising was just as bad, even though it was a "super delight" to large numbers of travellers. "It bores me even to think of such a trip, not that I mind luxury and lashings of delicious food and starting to drink at 11am with a glass of champagne to steady the stomach. But about the organised folly, the awful intimacy of tablemates, the endless walking round and round because you can't walk anywhere else, the claustrophobia."

I was reminded of Gellhorn's views on cruising when stepping aboard the 10,000-ton *Royal Viking Queen*, operated by Royal Viking Line, which recently made her debut in the luxury category at the tip of the top of the cruise market. The *Queen* cost \$88m (\$48m). She

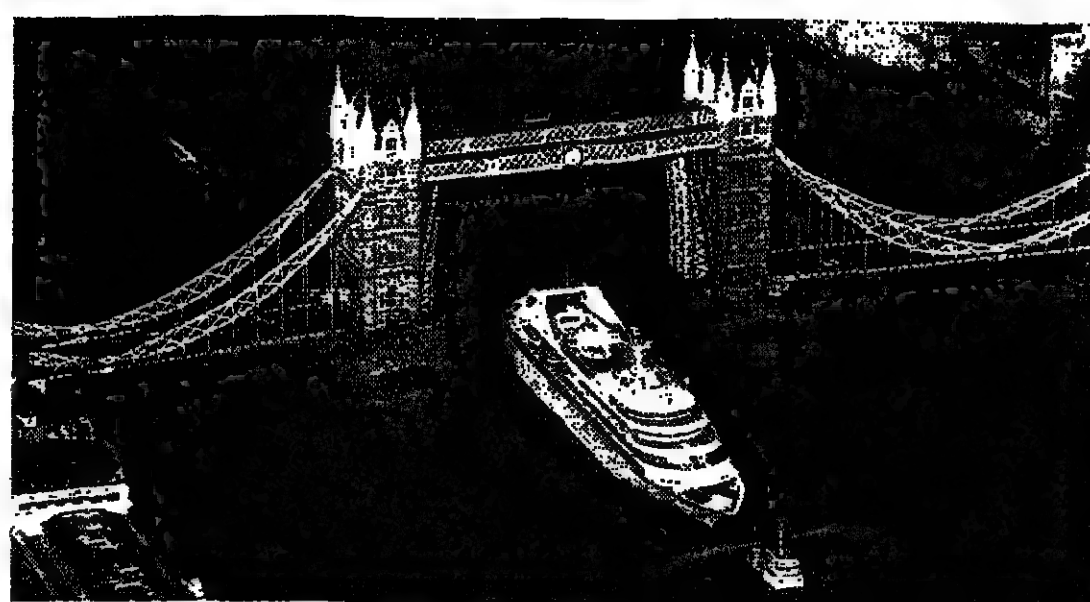
takes 212 passengers and boasts 135 crew, one of the highest crew-to-passenger ratios (1 to 1.6) in the cruise business. Naturally, she is completely air-conditioned.

She is the cutest little number, a draught of 17 ft enabling her to navigate small scenic waterways such as the Corinth Canal, or to breeze along the Guadalquivir river to Seville, the Seine to Rouen and the Thames to the Tower of London. The *Queen* was built in Bremerhaven, Germany, and sailed her inaugural voyage (Palm Beach to San Francisco) a few weeks ago.

Every stateroom on the *Queen* is an outside suite with 5 ft windows and panoramic ocean views. Measuring at least 277 sq ft (some are much larger), all suites have marble bathrooms with shower and bath, walk-in cupboards, TVs, video recorders, telephones, fridges and personal security boxes. Each suite, says Royal Viking flirty, can be stocked with queen-size bed or twins.

We are talking enormously detailed comfort here. We are talking first-rate food - sorry, cuisine - in what the marketing folk, bless them, are pleased to call "a wide scope of dining options - from romantic stateroom repasts and casual, poolside snacks to formal, candlelit occasions with fellow passengers in the sumptuous Royal Viking Restaurant."

We are talking on-board lectures, part of a programme of "enrichment activities." We are talking whirlpools and a jogging track; a beauty salon and a health and fitness centre which has an aerobics room,



Cute little number: Royal Viking Queen in the Pool of London

exercise equipment, steam rooms, sauna and massage; a night club, casino and "air-conditioned mahogany water taxis" (ship's tenders to you and me) to transport *Royal Viking Queen* passengers ashore in the world's "most exotic destinations."

We are talking ship's decks inlaid with polished teak (hand-selected from timber farms, not ripped from virgin rainforests) and luxurious furnishings, including tapestries. We are also talking exceptionally large cruise fares.

Just before the *Queen's* inaugural voyage, I spent three nights aboard her cruising prettily from St Maarten to Miami. On the first evening - presumably on the strength of my brass-banded blazer and my Jermyn Street necktie - I was invited to join a power-dinner table hosted by Hans Gotheus, president and chief operating officer of Royal Viking Line, who claims that in the *Royal Viking Queen* and the (larger) *Royal Viking Sun* he operates the two best ships in the market.

The luxury category of the world cruise market contains eight ships,

amounting to fewer than 3,000 berths. Royal Viking says it has about 25 per cent of the UK market for luxury cruise holidays (say 4,000 in total) with Cunard enjoying the bulk.

According to Gotheus, the average daily price paid by US clients for a two-week cruise on the *Queen* is \$9,500 per person. In the UK, his benchmark says the average price being paid by UK clients for cruising on the *Queen* is \$9,500 per person for two weeks; apparently, Britons tend to take longer cruises, and book more expensive accommoda-

tion, than their US cousins.

Could the *Royal Viking Queen* possibly show a meaningful return on her \$88m cost? Gotheus's reply was charming and convoluted, but the gist was that, well, yes, quite possibly she could; that the luxury cruise market is expected to show further significant growth; that Americans are starting to travel abroad once more, and that the *Royal Viking Queen* is attracting rather younger passengers than the *Royal Viking Sun* (55+ vs 65+). These passengers' net worth is put at well in excess of \$500,000.

Are you worth more than \$500,000 net and unbothered by Martha Gellhorn's worries about cruising? I have looked up a few prices for you.

Next Saturday, the *Queen* leaves Venice on a 14-day cruise to Monaco. The fares from the UK, including scheduled economy-class flights, range from \$5,889 (basic suites) to \$10,942 (Owner's suites 1 & 2) per person. That is a minimum of \$417 per person per day.

As a matter of fact, the *Queen* leaves Venice at midnight and arrives in Monte Carlo at 7am on June 6, so you are really on board for 12½ days and 13 nights: a minimum of \$487 per shipboard day, or \$875 per shipboard day if ensconced in one of the Owner's suites, whose dimensions and appointments you would scarcely credit.

As well as flights, the price includes gratuities for cabin stewards and dining room waiters; pre- and post-cruise hotel accommodation (where indicated), but not hotel meals; all necessary transfers; internal UK flights.

Not included: shipboard drinks and shore excursions. Single accommodation in standard double state-rooms may be offered, says Royal Viking, at a premium of 50-100 per cent on the per-person cruise-only fare. The fare for a third adult in a double suite is the minimum package fare for that cruise. Early bookers enjoy a 5 per cent discount.

Six of the *Queen's* cruises before August 22, start or finish in London (eg: starting July 25, 14 days, London-Copenhagen). After that, jaunts this year include: October 9, 10 days, Venice-Istanbul, \$4,399-\$8,079 per person; November 13, 11 days, Mombasa-Cape Town, \$5,889-\$8,389; December 20, 17 days, Singapore-Sydney, \$8,066-\$11,739.

The last word on the *Royal Viking Queen* can be left to her architect, Norway's Bjorn Storbjornsen. "When we started designing the ship," he says, "we decided to make it without a lot of gold, diamonds and fancy things. We decided to make a ship that was very friendly, very intimate." Nevertheless, he reckons he has created a luxury cruise ship without peer.

Me, I haven't got \$500,000 to rub together, net or gross.

■ *Royal Viking Line is at Brook House, 229-243 Shepherd's Bush Rd, Hammersmith, London W6 7NL. Tel: 0800-181193 or 071-734-0778; administration: 071-493-8041.*

Michael Thompson-Noel
Travel Editor

Cricket

Careful Hattersley plays a dead bat

Teresa McLean talks to a of lover Yorkshire sports

WHICH British politician is this being asked about cricket?

"Do you like one-day cricket?"

"I hate it. I can see it's necessary for financial reasons, but it destroys proper cricket. No player can go from a Sunday afternoon slog to a three- or four-day game where he needs to work out tactics and play strokes. One-day cricket is ghastly."

"Who is your favourite modern cricketer?"

"Graeme Hick. He has class. A fine, high-class batsman."

The answer is Roy Hattersley, who was a batsman himself before politics stole him. Having started as an opener and slip fielder, he went on to be captain. No 6 batsman and patroler of the third man boundary for Sheffield City Grammar School. He played some cricket at Sheffield University.

I bet he played all his strokes with proper style. He is a conservative man, deeply loyal to his upbringing or, as he put it, "a very tribal person." He has always admired batsmen with perfect technique and was anguished to hear a cricket coach a while ago advising Hick to adopt a more open stance. "Imagine, advice like that... to a batsman like that. We shook our heads quizzically for a moment, in regret."

Hattersley's childhood heroes were the great Don Bradman and the idol of every Yorkshire boy in the 1940s, Len Hutton. Tradition for Hattersley does not just mean technically correct cricket; it means cricket, and Yorkshire combined, with football a fundamental part of this life-giving mixture.

I met Hattersley in his office in the House of Commons, with little cascades of papers, packets and files all over it, an air of hard work, a desk covered in letters awaiting replies and a Sheffield Wednesday scarf on the wall opposite the desk, where its owner can see it at the lift of his head.

A Yorkshire emblem to keep spirits up. At times like this, after Labour's general election defeat, spirits are bound to be drooping and Hattersley looked vaguely tired and unbuttoned. Both he and his bristly Scottish assistant, who guided me through many corridors to his room, then through many

more to the "strangers' canten" and the way out, looked a bit battle-weary.

Nor did Yorkshire cricket seem the ideal topic to cheer a Yorkshireman just at the moment. On the other hand, it could not be avoided.

"Do you still watch Yorkshire cricket?"

"Sometimes, but it's very hard. I can go to see my mother on a Saturday, then watch Sheffield Wednesday play football for a couple of hours in the afternoon. But I can't do that with cricket; it needs hours of watching at a time."

"Still, you'll go and watch the Headingley Test, won't you?"

"Oh, I expect so, for a while. But what I want is to watch Yorkshire play cricket."

There is a clear sense that Hattersley is only in the south because he can't help it. Any-

'I didn't want to be a fat old player who should have retired years ago'

where except Sheffield is away from home and while Yorkshire is home country, it has some far-flung boundaries, away from the Sheffield heartland. He will try to go to the Oval Test for a few hours, but if he does it will be partly out of a sense of solidarity with the 20,000-30,000 people from Pakistan in his constituency (Spenborough, Birmingham), many of whom will be there to support their team.

I asked him if he approved of Yorkshire's new policy of importing players, like all the other counties, instead of maintaining their long-standing policy of recruiting only Yorkshiremen. He talked his way from principle to common sense with good Yorkshire pragmatism, having overcome his doubts and reservations by talking to the county's players.

"Too often they reached the point of needing to get the last few opposing batsmen to win, but not being able to do it."

He discoursed at some length on the subject but the thrust of his argument was that Yorkshire signed the Australian Craig McDermott because they badly needed a fast bowler to partner Paul Jarvis. Once they

had collected the required capital and lost McDermott, it would have been stupid not to spend the money on someone else. That has turned out to be the brilliant young Indian, Sachin Tendulkar.

"Don't let me waffle on all the time," Hattersley added, looking at his watch. "I have to go in 10 minutes."

I got more personal. It is not easy with Hattersley, who is a polite and friendly man but, I felt, a slightly impersonal one. He welcomed me with a big, warm hand-shake, but had a pre-occupied air while we talked. Nevertheless, when I asked him if he still played cricket, he rewarded me with a response of real feeling.

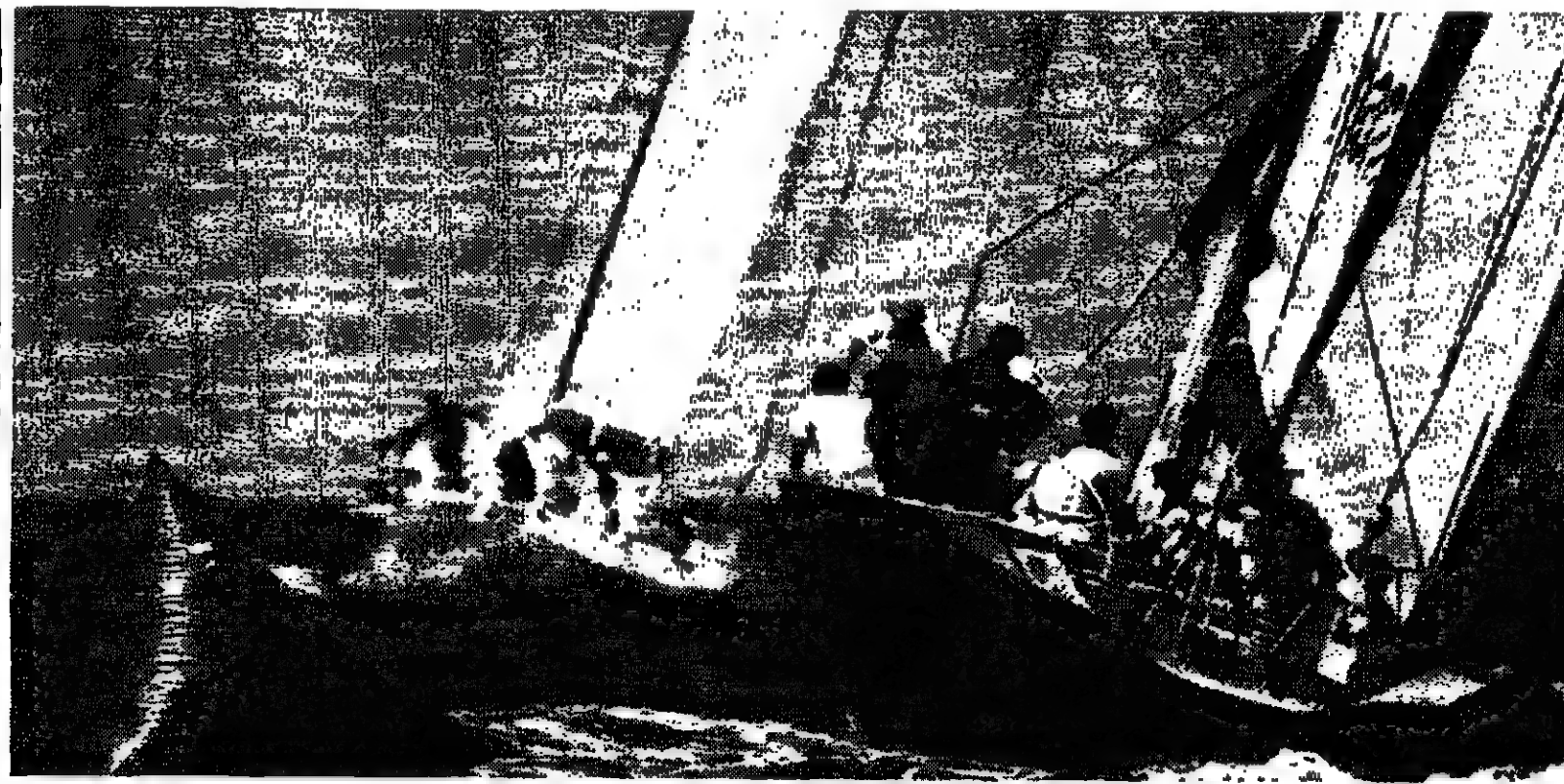
"No, it's one of the very few regrets of my life, giving up cricket. But I wanted either to be very good or not to play at all. I didn't want to be a fat, old player who should have retired years ago."

He mentioned his weight and his age several times. He has always been on the heavy side and enjoyed telling me about playing in a recent charity match at which he had given advance warning that he would need a very large pair of trousers. He was delighted to find that the enormous pair of flannels they produced were far too big for him.

Charity matches are the only ones in which he takes part nowadays, and he brushed aside any suggestion that he should start playing seriously again. There is a good House of Commons team, which he described with pride. He told me it boasts Peter Brooke as one of its distinguished players, but Peter Brooke, unlike him, never gave up playing. Hattersley's 58 years have included over 20 without bat in hand and the most he can do now for the Commons team is tell others of his merits.

I asked him if he could also tell me, as a party shot, what he reckoned was the political equivalent of a wet afternoon watching Yorkshire do badly at Bramall Lane? He could, wistfully. It summed him up.

"Looking back on it, it had a sort of romance, being huddled on the terraces in the damp, with a few others. The closest to that in politics would be an early spring dawn on the terrace of the House, after an all-night sitting. You don't want to be there, but you know you've been in on something."



Action on the high seas... the Americans lead Il Moro around the weather mark on Thursday en route to taking a 3/1 lead in the best-of-seven series

America's Cup

Know-how sets up US triumph

Keith Wheatley analyses the reasons why Italy's sailors look certain to founder

ITALIAN optimism about winning the America's Cup evaporated 14 minutes into Thursday's race. Il Moro di Venezia had started in a favoured position, to windward and slightly ahead of the US boat. As the two yachts dragged race off to the left of the course, America's pulled gradually ahead. No wind shifts, no tactics - just pure speed. Goodnight, Venice.

America's went on to lead by 24 seconds at the weather mark and scarcely faltered in marching to a winning margin of 1 min 41 sec. It put the team built by energy tycoon Bill Koch 3-1 up in the series. Until that crucial moment after the first quarter-hour, there had been some ambiguity in each of the three previous races.

The initial encounter, last Saturday, was a typical first-day muddle. The huge spectator fleet of more than 700 vessels was spread across the first leg of the course, causing race director Tom Elman to utter the immortal phrase: "Anyone between the Il Moro yacht and Tijuana is in the wrong place. Please head inshore." Then Il Moro's skipper, Paul Cayard, made an uncharacteristic gaffe at the start gun, putting the red yacht over early. He was 30 sec behind America's up the first leg of the course, a margin that scarcely varied during the 20-mile race. Observers drew the conclusion that the boats had equal pace after America's cautious victory.

Thrills and spills during Sunday's race again obscured a few vital statistics. Off an equal start, Cayard was able to push Il Moro fractionally ahead of America's as they worked up the beat. The crucial manoeuvre was a tack right

up onto the white boat as it swerved to duck the stern of Il Moro. Cayard had already given warning that he would use hand-to-hand combat as a substitute if his boat lacked speed. "I like it when yachting gets physical. Perhaps I should have stayed with basketball," said the San Franciscan who has been sailing for Italy since 1989.

Twice more in that thrilling race, Cayard poked America's in the eye to stop it getting past. As they ran in shoulder-to-shoulder at the first leeward mark, he turned Il Moro sharply towards the US yacht. Obligated by Rule 28.1 to avoid a collision, helmsman Buddy Melges at the wheel of America's

unable to mobilise their own capacity.

Race three provided a big win for America's, yet the validity of the result was obscured by a decisive Cayard misjudgment at the start. With a big left shift to the breeze imminent, he opted for the penalised right side of the course. He said later he knew almost immediately it was a mistake; but being so far to the right, and the entire quarter-mile length of the start line away from America's, exaggerated the effect of the shift. "I decided on the wrong side and then I invested heavily. Like buying into the stock market in October of '87. It was Black Tuesday," he added.

With the series at 2-1 to the

an America's Cup challenge should pause for a history lesson. Since the Second World War, the Americans have won 44 races in these best-of-seven contests, the foreigners just eight. To become the 28th defender of the Cup, Koch admitted to pouring 10 per cent of his net worth into this campaign. When he won the first race of the final - not the cup itself, mark you - Koch set off a \$50,000 firework display that evening in the garden of his home adjoining the San Diego Yacht Club.

When Italians want to obscure the cost of things, they quote sums of lire with so many noughts that calculators short-circuit. Nevertheless, the Montedison chemicals and plastics conglomerate is willing to break commercial cover and own up to spending "in excess of \$60m" on its sponsorship of the five-boat Il Moro di Venezia programme. Montedison celebrated its victory last Sunday over America's with up-market full-page ads.

Any analysis of the 1992 cup produces one stark conclusion. Of 10 syndicates involved, the two that spent the most money finished up in the final. Critics said it had simply become a wallet contest. Perhaps it had been so since the first race in 1851; anyway, arguments about cost are nothing new. Harold Vanderbilt spent so much on his 1937 *Ranger* campaign that it became an issue in the US presidential election.

A harder question to answer in 1992 is whether the stakes are now so high that a willingness to play is *prima facie* evidence of a shocking lack of financial judgment. Will the cup become solely the playpen of nautical egomaniacs with inherited fortunes?

The bald scientific truth is that Koch's \$75m programme produced a faster boat

turned too abruptly and collapsed the spinnaker across the mast, slowing the 75 ft boat to a crawl. At the finish, where the two-second margin was the closest in America's Cup history, Il Moro achieved its victory only because its gigantic white spinnaker billowed across the line ahead of the Americans. "It was kind of harrowing sitting there waiting for three minutes while the race committee decided who had won," said Cayard.

These dramatics, far from amateur, gave further scope for the wishful belief that the Italians had a competitive boat. An accountant's analysis, however, would have shown that they threw everything including the kitchen sink at opponents who, on that day, were

Americans, the bald scientific truth - that Koch's \$75m (\$42m) programme, drawing heavily from US military and space know-how, had produced a faster boat - was still obscured by drama, sentiment and ideology, the traditional side orders at the America's Cup banquet. The main course, however, is always a fast boat. "Boat speed is a science, sailing is an art," Koch has said often over the past few months in San Diego. He has used the axiom to pacify those romantics who criticised his juggernaut programme, bristling with scientists and researchers. What Koch has not added is that the former will nearly always defeat the latter.

Any European nation planning to spend the cost of a brace of warships on

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BOOKS

London through a compassionate eye

Anthony Curtis reviews Doris Lessing

AROUND 1985 Doris Lessing - to the relief of the vast majority of her admirers - returned to earth from outer space and gave us a major novel, *The Good Terrorist*, short-listed for the Booker Prize. That, like her latest book of stories and sketches, was an aspect of London observed; a London still too much with us, the London of the homeless. Lessing took the lid off a communal squalor in which the clash of emotional, sexual and political aspirations among the temporary family formed by its inhabitants was put under fascinating scrutiny.

Lessing has indeed been observing the seamy, and the affluent, sides of London for much of her career. Way back in 1960 Lessing set out in a work of non-fiction, *In Pursuit of the English*, where she gave a deeply honest account of her induction into the London of the working-class when she arrived here from Southern Rhodesia, now Zimbabwe. Lessing was then a young woman of 25, for whom England had throughout her childhood been "a grill".

There have been frequent interruptions for such things as the study of Sufism, and travelling in order to sample life in troubled parts of the world, Pakistan and Afghanistan - see *The Wind Blows Our Words Away* (a Picador Original, 1987) - and of course into the straits of her multi-volume *Canopus in Argos: Archives Series*. But ever since that arrival more than 30 years ago, Lessing has been living in - and that means bringing her wise compassionate gaze to bear on - London.

LONDON OBSERVED
by Doris Lessing
HarperCollins £14.99, 214 pages

had a seat for the whole journey.

The other passengers are codified collectively and then each is described individually: "In my half of the carriage are three white people and the rest are black and brown and yellowish. Or, by another division, five females and six males. Or, four young people and seven middle-aged or elderly. Two Japanese girls, as glossy and self-sufficient as young cats, sit smiling. Surely the mourners for old London must applaud the Japanese who are never, ever, scruffy or careless!"

This persona of the sharp-eyed observer, who appears merely to describe the external scene as well as she can, is one that suits Lessing's temperament as a fiction writer and which she uses with great assurance. Unobtrusively, in this rumination

on, serious points are made, structures shaped out of the steady march of mundane events. She does it again stuck in her car in a traffic jam on Hampstead Heath near Kenwood - she doesn't always go by public transport, it would seem - where neither of the two offending vehicles was prepared on principle to reverse, thereby causing a long tailback and tedious delay for other motorists frustratedly sounding their horns.

And she does it often again in a whole range of local London settings where a miscellaneous collection of people is brought together - the waiting-area of the Casualty Department of a hospital; or various cafes in Hampstead or Regent's Park where Lessing likes to spend time, sipping tea while eaves-dropping on the other customers. A particularly good story of this sort deals with the tension apparent between a couple enjoying some refreshment in the park; they are observed in terms of their reactions to the sparrows who land on their table pecking at crumbs. Again, nearby in Queen Mary's Rose Garden, Lessing observes a young woman furtively taking cuttings, and it leads the writer to speculate on the woman's relations with her mother.

Every writer about London produces a completely different version of it. In modern times the London of Orwell and Virginia Woolf are perhaps the two extremes. Lessing's London spans both: she is at home with the former's underclass as she follows a social worker into a tower block where he attempts unsuccessfully to per-



sue a Pakistani woman to send her daughter to a special school for autistic children; or when Lessing catches sight of a young mother begging outside a supermarket, penniless because of a strike by the staff of the DRS.

Yet Lessing's range is such that she is no stranger to the world of Mrs Dalloway. From time to time she takes us into drawing-rooms within earshot of the sound of Big Ben and the division bells. "Her" gives

a brilliant impression of a political salon in Westminster during the Thatcher era; while "Two Old Women and a Young One" chronicles a publishing lunch in a chic London restaurant. One longer story with which this book ends takes us out of London altogether to a pleasant weekend country house where the former and present wife of a successful man are assembled under the same roof.

Taken as a whole the stories

exemplify the point Lessing made in the talk she gave on "Women's Quests" at the 22nd Street Y in New York last year (re-printed in the current *Partisan Review*, 2, 1992): "So, all that great explosion of energy [behind women's liberation] has ended up with a very narrow section of the female population doing better than it did." These excellent stories deal with some of the women whom the women's movement has passed by.

Behind the Pine Ridge shoot out

IF YOU think Rodney King got a bum deal, spare a thought for Leonard Peltier. Since 1977, the American Indian activist has been serving a double life sentence for the murder of two FBI agents after having been convicted on the flimsiest of evidence.

Unfortunately for Peltier, there was nobody with a command of the scene to show what really happened. On the other hand, he does have Peter Mathiesen, the distinguished writer and traveller, whose *In the Spirit of Crazy Horse*, now released after nine years of legal wrangling, comprehensively proves that Peltier is the victim of a perversion of justice every bit as cynical as the one that caused the recent rioting in Los Angeles.

Peltier is a member of the American Indian Movement (AIM), a radical civil rights organisation set up in the 1960s

IN THE SPIRIT OF CRAZY HORSE
by Peter Mathiesen
Harvill £9.99, 346 pages

to agitate on behalf of North America's beleaguered native people. After a series of heated confrontations with white authority, most notably occupations of Alcatraz Prison and Wounded Knee, site of the 1890 massacre of innocent Sioux by the US Cavalry, AIM was targeted by the FBI as a subversive organisation on a par with the Black Panthers and the Weather Underground.

AIM's activity soon came to be centred on the sprawling Pine Ridge Reservation in South Dakota, home of the Sioux descendants of Crazy Horse, where violence, fuelled by government-sponsored booze, had become endemic. The inevitable shoot-out took place in June 1977, leaving two federal agents and one Indian dead.

Although 30 AIM warriors were on the scene when the shooting occurred, only four were charged, and just one, Peltier, was convicted. Even before the prison door rang shut, however, gaining holes in the Governor's case became apparent. Ballistics reports had been doctored and denied, prosecution witnesses coached and intimidated - the government never even established that Peltier was on the scene, much less that he was the triggerman. As Mathiesen patiently establishes, it was prejudice and a thirst for revenge, rather than the reason and prudence that put Peltier behind bars.

But Mathiesen does more than simply unravel the government's prosecution. He also establishes how the US government, through a policy that facilitated between neglect and hostility, created the

murderous atmosphere at Pine Ridge, an atmosphere in which the seemingly cold-blooded execution of two law enforcement officers could be seen as an act of self-defence.

The author then shows how the two agents may very well have caused their own death by bursting into an Indian camp in a botched attempt to draw fire, whereupon they could call in the cavalry to finish off AIM. But Mathiesen lays ultimate blame for the whole affair at the feet of the military and industrial interests who saw AIM preventing them from grabbing the rich uranium deposits beneath the Black Hills badlands where the Sioux had been exiled a century earlier.

Not surprisingly, Mathiesen's impassioned yet cogent book brought down the ire of the authorities when first released in 1983, inspiring some \$50m worth of libel suits which caused it to be withdrawn from circulation for nearly a decade while the author and his publishers defended themselves in court. Thankfully, Mathiesen kept on the case during the years, coming up with an epilogue that provides what is perhaps the book's most sensational bit of reportage - an interview in 1990 with a hooded, anonymous AIM warrior who swears that it was he, not Peltier, who gunned down the two agents at close range.

One of the book's most gratifying elements is the manner in which Mathiesen balances his outrage at the treatment of Peltier and his people with the cold, cool-toned of the investigative reporter. He lets everyone have their say, be they drunken goons or dedicated warriors, gang-bro FBI or wise old Sioux. In the end, you are left with the feeling that every body involved with the shootings at Pine Ridge was engaged in step-mind not just the land but an entire people's culture.

Upon finishing this book, one finds it impossible to believe that Peltier can still be in prison. Perhaps the coming of Oliver Stone's film based on the book will finally set the man free. And lest British readers feel too smugly critical about the American judicial system as it lies exposed here, they should bear in mind the fact that eight US courts defended Mathiesen's constitutional right to express the opinion that various officials, from the Governor of South Dakota right down to FBI Field agents, behaved like liars, thugs and conspirators. In the British courts, he would have been paying out money to the man who railroaded Peltier until, long after the prisoner had finished his term.

Justin Wintle

Stephen Amidon

No justice in the jungle

THE FACTS are well established. Early morning March 16 1968 a company of US infantrymen, led by Captain Ernest Medina and Lieutenant William "Rusty" Calley, arrived at the hamlet of My Lai in Son My village, Quang Ngai province, in the northern part of South Vietnam. They were preceded by an artillery barrage. Detailed to flush out a communist unit military intelligence had falsely imagined to be in the area, the American warriors were disappointed not to encounter a single enemy cadre.

But their bloodlust, primed by three months' fighting in one of the most treacherous battles of the war, was not to be gainsaid. With impeccable bestiality, and without one shot being fired against them, the members of "Charlie" company spent the next few hours laying waste everything in their path. Some four to five hundred babies, children, women and old men - civilians all - were ritually slaughtered. Multiple rape, sodomy, mutilation and torture were integral hallmarks of the atrocity.

There were two sets of victims: those killed, and those who perpetrated the killings, the "boys next door" turned murderers. The real culprit was the very nature of the conflict. "Vietnam" was what the North's commander, General Vo Nguyen Giap, has said it was: a people's war. Famously, in his efforts to expel the

foreign invaders, the communist forces went amongst the rural population of the South "like fish swimming in water".

In some cases that population was sympathetic to Hanoi, in others not. For the US army however this provided intractable difficulties either way. The fish and the water were interdependent, and there was no reliable means of identifying and isolating the enemy. Any hamlet might or might not be a communist stronghold. Add in the gnawing terrors of jungle warfare, the increasing deficiencies of American battalions in terms of training, acclimatisation, leadership and discipline, the widespread availability of drugs, the sheer sense of displacement, and the My Lai-type episodes were inevitable. That at least is the drift of *Four Hours in My Lai*, by Michael Bilton (a British television documentary maker) and Kevin Sim (a British journalist).

Of the many accounts of My Lai, this may rightly be regarded as the fullest and, for that matter, the most compellingly readable. The grim details, both of the massacre itself, and of Charlie Company's war up until My Lai, are accumulated tellingly. Twenty-four years on, in as far as that sort

of thing ever can live on the printed page, the horror is revived.

But what makes and breaks this account is the authors' handling of My Lai's aftermath: of both the cover-up within the Quang Ngai-based "Americal" Division, that kept the episode under wraps for a year, and of the subsequent "trials". Unlike other similar atrocities, of which there were many, My Lai stuck to become a front page news story for two reasons: the

FOUR HOURS IN MY LAI: A WAR CRIME AND ITS AFTERMATH
by Michael Bilton and Kevin Sim
Viking £17.99, 430 pages

persistence of Ronald Ridenhour and Seymour Hersh in exposing it, and the availability of colour photographs taken with his personal camera during My Lai by army photographer Ronald Haeberle. Once these latter had appeared, first in the *Cleveland Plain Dealer*, then in *Life* magazine, a media avalanche was guaranteed. Bilton and Sim have slogged through the vast reams of paper produced by two overlapping US Army

investigations, as well as transcripts of the actual hearings. The result is an awesome picture of perverted justice. Relating all calls for an international or even independent tribunal, and responding to pressure from Richard Nixon's administration and that part of America's press that was rightwing and racist, the Army clung to its decision to make My Lai an internal affair.

A virtual whitewash ensued. While the investigations incriminated, on overwhelming evidence, 30 participants in the massacre itself, and 26 officers in the cover-up, only one man, the hapless Calley, was brought properly to book in the resultant courts-martial. Colonel Oran Henderson, had been acquitted, the phoney legal process ground to a halt.

In a sickening cameo we are told how a cake "complete with candles" was introduced into the court-room to help Medina celebrate his 35th birthday. "At the risk of poor taste," quipped the judge, "we wish you a happy birthday." As the American establishment successfully manoeuvred to defend its chosen sons, My Lai collapsed into an unholy farce.

Yet it must be said that in dwelling

upon the court scenes at Fort Benning the authors have been sold a pass. Like nearly every other book about Vietnam published in the West, *Four Hours in My Lai* focuses on America, and the damage done to American self-esteem. The other half of the equation is marginalised. Although Bilton and Sim dutifully record the eye-witness accounts of a handful of survivors of My Lai, the engulfing sorrow that still pervades Quang Ngai as a result of eight years' occupation by US and South Korean forces is here unvoiced. Instead the reader is swamped by any amount of often trivial biographical detail pertaining to the lives of nearly every American mentioned in the text.

More seriously, in attempting to provide the massacre with background context, the authors ignore what was the central feature of the South Vietnamese state: that the mainly Buddhist masses were ruled by a small, largely Catholic oligarchy. It was the latter that the US strove to protect and prolong. My Lai happened not just because, as Bilton and Sim suggest, there was a dichotomy between national principles and actual behaviour under duress within the American army, but also because of a fundamental disjunction between the rhetoric and the objectives of Washington's policy-makers.

Justin Wintle

Design for living

IN THE MIRROR OF THE PAST: LECTURES AND ADDRESSES 1978-1990
by Ivan Illich

Marion Boyars £16.95, 231 pages

Illich's bitterest trade. Economics turns what were traditionally accepted as blessings and banes into questions of scarcity and provision. It means people lose their human dignity as "persons"; they now simply lay claim to "lives". "A Life" is amenable to management, to improvement and to evaluation in terms of available resources in a way which is unthinkable when we speak of "a person." He argues that medicine has encouraged the pursuit of healthy bodies to the point at which life has become a new fetish. In-vitro fertilisa-

tion and life-support machines have meant that doctors have exceeded the boundaries between quickening and dying which traditionally defined their domain. Physicians in the Hippocratic tradition "had to accept nature's power to dissolve the healing contract between the patient and his physician." An art of living only makes sense alongside an art of dying.

What a culture bequeaths to each generation in terms of human goods, values and excellences, economics merely flattens into needs: "Society is now organised on the utilitarian assumption that man is born needy, and needed values are by definition scarce. In Japan, the old simply live in the household, regardless of any perception of their needs. There the old are given something best described as 'hospita-

lity', but they 'need' neither formal nor informal hospitalisation or care." Discussing employment, he argues for replacing wages with "unpaid activities which provide and improve livelihood." As for education, Illich would still "deschool" society: we should learn only what we need to know to make us happy and competent in our immediate concerns.

What these essays demonstrate is that Illich has lost none of his power to provoke and engage. On many issues, especially medical ethics and the environment, time has proved him prophetic. He is brilliant at dismantling the false images of the Age. He is less good at describing alternatives, save for something smacking too much of hippy idealism. Perhaps we need an updated study of the human virtues. More digging around in the works of those medieval philosophers might help.

Mark Archer

Crime

Detective friendly

WHAT SHOULD a Detective Chief Inspector Thanet be like, ideally? More often than not he is in early middle age, tall, reasonably handsome, long-suffering, condescending to his lower-ranking colleagues, and patient with superiors, even when they are obtuse, demanding and snobbish (a frequent sin among Chief Constables). If he is not divorced or a widower, he is likely to have an even more long-suffering wife, who thoughtfully leaves him cold suppers or a casserole to heat up when she goes to bed before he gets home after a hair-raising, frustrating day.

This could be a description, for instance, of Richard Hunt's DCI Sidney Walsh, making his third appearance in *Death of a Merry Widow* (Constable, £12.99, 191 pages). Walsh's private life is kept firmly out of the picture. He exists only to investigate crimes, question, ponder, direct his team and - on privileged occasions - have a lunch. Walsh stands in loco *auctoris*, allowing us to get a closer view of the events as they develop. The real protagonist is the victim, and Hunt - who has deservedly won praise for his preceding novels set, like this one, in Cambridge - builds suspense through the gradual revelation of the murdered woman's real and singular character. The university is less prominent than usual, but there is still a sense of a rarefied atmosphere, with the real

world laying siege. Dorothy Simpson's popular Inspector Thanet has a wife, Joan and two children, both of whom give their parents few serious worries. But the family serves chiefly as relief, to show that cops do not always bring their work home with them. In the latest, eleventh Thanet story (*Wake the Dead*, Michael Joseph, £14.99, 250 pages) the author subtly provides a kind of manual on how to interrogate a witness, how to weigh a reaction, how to pace an approach, when to relax and when to pounce. Real policemen always claim not to read crime fiction: they would do well to read this one, not least because, like all of Simpson's work, it is admirable for its clean writing, shrewd portraits and tight plot.

Charlie Salter, Toronto's less colourful but equally human and beleaguered answer to Inspector Gholte, sometimes has rather more private life than he can comfortably handle. In the newest story, *A Fine Italian Head* (Collins, £13.99, 190 pages), his wife Annie is off visiting her parents and the two Salter boys are not much in evidence, so Charlie has more time to deal with what seems to be a Mafia killing in the raffish theatre world. He also has an innocuous encounter with a long-ago girlfriend. A pleasant adventure, though without the excitement of some of the earlier Salter tales. Sometimes understatement can be carried too far. Nothing

understated - or pleasant - were R.D. Wingfield's DI Jack Frost is concerned. As in all the Wingfield books, *Night Frost* (Constable, £18.99, 312 pages) is awash with blood and guts. The solution follows a now predictable pattern: initial bewilderment, apparent discovery of the culprit, frustration when the discovery proves erroneous, then final triumph. Frost's rumbling battle with his egregious Divisional Commander provides ample comic relief, when the repetitious murders threaten to pall (such as: how to keep a serial killer from being repetitions?), and his blissfully obscene language is a welcome change from the prissiness of some other DI's. Charlie Resnick, the equally rumpled, unmythical anti-hero of John Harvey's novels (the latest is *Off Minor*, Viking, £14.99, 360 pp.), bears some resemblance to Frost, but is a more rounded, complete character, still involved, however reluctantly, with his divorced, sick wife. He suffers through his cases, too, and we learn his character as he deals with them. *Off Minor* (the title is connected with Resnick's authoritative understanding of classic jazz) shows Resnick at his best: sensitive, shrewd, independent. He is a genuine creation. We read Harvey's books not just to find out who killed whom, but to renew our acquaintance - our friendship - with the unique Resnick.

William Weaver

THE NEW *Horizon* series will fall like manna from heaven into the hands of eager self-improvers. This encyclopaedic series, now in the pipeline, consists of remarkably well-designed, alluring little books. They fit into a pocket, take a mere hour or so to read, and cost £8.95. Eventually, *New Horizons* will encompass every subject which might reasonably excite a late-20th-century autodidact. The launch has brought us a dozen volumes on such curiously miscellaneous subjects as Beethoven, dinosaurs, Van Gogh, the history of polar exploration, Vikings, alphabets

The world in your pocket

and elephants. Many, many more titles are in the pipeline, as the blurb puts it: "this is a truly ongoing global venture." Seekers after modest enlightenment in no less than 14 countries are able to gorge on their versions of *New Horizons*, which is being simultaneously published in 12 languages. Its country of origin, however, is France, where Gallimard's very popular *Gallimard Découvertes* now runs to several hundred titles. It will make an interesting comment on the intellectual

culture of our times to see which titles are translated for whom. British readers, one imagines, are most unlikely to be given Carpeaux, Berlioz, or the Frondes. But Voltaire be deemed of sufficiently general interest to make it across the Channel?

A *New Horizon* book is written in a bland, anonymous style with rather irritating come-on headings in heavy type. Nonetheless, the content, which for the most part is written by French academics, is eminently respectable. Perhaps

the best value book-buy I made last year, was one of the *Découvertes* series on French encounters with 19th century Japanese culture. Each book includes short bibliographies and an "archive" selection of documents - although its French origins can make for selections which strike a British reader as peculiar.

The design of these books is masterly. They are printed on high-gloss paper and are crammed with a wealth of remarkably good colour photographs. Often there is a run of

full-page photographs; scenes from the Bayeux Tapestry, Van Gogh self-portraits, portraits of investigative crimes, question, ponder, direct his team and - on privileged occasions - have a lunch. Walsh stands in loco *auctoris*, allowing us to get a closer view of the events as they develop. The real protagonist is the victim, and Hunt - who has deservedly won praise for his preceding novels set, like this one, in Cambridge - builds suspense through the gradual revelation of the murdered woman's real and singular character. The university is less prominent than usual, but there is still a sense of a rarefied atmosphere, with the real

Patricia Morison

ARTS

Jewels in the St Petersburg crown

IF YOU were a Russian Archduke, or the wife of an American magnate, and wanted a trinket to celebrate the New Year, 1890, you had a wide choice of international jewellers to call on.

You might visit Boucheron or Cartier. All these names still exist in some form but only one, Cartier, has managed to maintain, and build on, its historical pedigree. On Wednesday it unveiled an exhibition to tingle the nerves of reactionaries everywhere — a display in the Hermitage in St Petersburg of 200 examples of its artistry, including jewels commissioned by 19th century Russian aristocrats.

Cartier has jumped on the historical bandwagon, says Antony Thorncroft

the vault of the cathedral of St Peter and St Paul until the authorities drill a hole through the concrete that the Soviets laid down in certain expectation of no more Romanov burials.

There might be a feeling that the people of St Petersburg currently want more down to earth imports from the West — food perhaps or drugs — rather than exquisitely crafted moustache trimmers or the Duchess of Windsor's parter brooch, but such a view insults their pride. Shortages are seen as a passing phase as Russia returns to its creative past in which jewels played a major part. Having dispensed with 20th century heroes if they are putting their trust in Fabergé, or rather on his reputation, to restore prosperity to their city. Already jewellery craftsmen are setting up to revive the links.

Indeed there was some feeling that a Fabergé show, planned for later this year, had been bowed out of the Hermitage by the Cartier display. There was always a close friendship, amounting to rivalry, between the two firms. Cartier was bowled over by Fabergé's designs in 1900 and copied his work on enamels, perfecting strident colours as against Fabergé's more muted originals. It is thought that some of Cartier's pre-1914 jewels incorporated work made by Fabergé craftsmen.

Today Fabergé's name is

mostly associated with fragrances while Cartier had managed to maintain, and to build on, its reputation. The exhibition in St Petersburg is a brilliant, if expensive, promotional coup. If all goes well Cartier might be selling to rich Russians around 2010, but having the seal of approval of the Hermitage, the Palace built by Catherine the Great to house one of the world's finest art collections, lifts Cartier's brand name from a supplier of baubles to rich women to the creator of museum quality artifacts.

It follows on a similar show, including many of the same jewels, in Paris in 1989. The bandwagon moves on to Japan next year. Cartier's eyes are fixed on the Metropolitan Museum in New York. If it can get in there the cynical marketing message will have well and truly got home — buy a Cartier jewel and you are acquiring the patina of the past, a name approved by museum curators, rather than a cleverly assembled gathering of deprecating gem stones.

Cartier has managed this because, in the early 1970s, it decided to establish an archive of its past work and designs. Through selective buying it has assembled around a thousand items, insured for \$34m. Some of its purchases were bargain — like the Duchess of Windsor bracelet, passed over at the Sotheby's auction when prices were inflated, but acquired later, when they had fallen sharply. Some were not — like the \$2.3m it paid for the Daisy Fellowes jewels.

The Hermitage exhibition, which lasts until June 21, covers the great period of Cartier, from the 1890s to the 1930s. In the earlier decades Russians were among the firm's best customers. They have a great love of gems, derived from their own mines and from trading with the East, and they took the finest stones to Cartier in Paris to be converted into jewels. Unfortunately few pieces made for Russian clients are on display. So many have been lost, the jewels broken off and sold since the Revolution.

The Cartier family left it late to visit Russia, 1904, by which time Fabergé dominated the scene, so there are few objects with a definite Russian feel. The influence of Fabergé on Cartier's output is marked, although the two firms avoided a head-on clash: Fabergé specialised in animal designs while Cartier stuck with flowers.

Cartier will not do copies of its museum pieces — they would never look quite right. Nor does it use many ideas from the archive. But the Cartier exhibition, although it may be a clever marketing exercise, also presents a more than decent show.

WAS THERE ever a more spectacular display of 15th century drawings? In what is by far the most impressive exhibition of the year-long festivities in Florence marking the fifth century of the death of Lorenzo the Magnificent, the Uffizi inaugurates its six new galleries with a show of some 187 Florentine drawings from the age of il Magnifico.

The peerless Uffizi holding is supplemented by outstanding loans from the world's great print rooms and private collections. Despite the insensitive and all but information-free installation, the result is a rare treat — and a show that is as revealing of the nature of Renaissance drawing as it is ravishing to behold.

A great number of the sheets are indeed of exceptional beauty, not least given the quattrocento Florentine's predilection for delicate strokes of silverpoint with white heightening on prepared paper tinted with anything from amber to deep rose madder, mandarin or brilliant azure. As vivid witness to the creative process so admired in our own age, these confections make it hard for us to remember that they were never conceived as works of art in their own right.

Old Master drawings have never been as prized as they are today. To the 18th century artist, with rare exceptions, they had no artistic value beyond their practical function, and certainly no commercial worth. They were stepping stones to the creation of a finished work, be it — as this exhibition amply reveals — a fresco, panel, canvas or print, a piece of sculpture, a church, a candelabrum or even a machine for transporting pyramids and obelisks.

The show's thematic sections emphasise the working procedure that evolved into standard workshop practice during the 15th century, from the first, rapid and experimental compositional sketch to the full-size "cartoon" pricked for transfer. It opens with copies made as an essential part of the artist's training. We find Michelangelo looking to the monumental figures of Masaccio in the Brancacci Chapel, and Ghirlandajo drawing dresses from the arch of Constantine. In view of the importance of Antiquity to the age of Lorenzo, what could be a more appropriate first exhibit than Benozzo Gozzoli's exquisite metalpoint on blue prepared paper after one of the ancient statues of horse-tamers on the Quirinal?

An eloquent witness to the impact of the classical world on the perception of the modern is Botticelli's drawing of a youth posed to echo the famous "Spinario" or pick-thorn. This silverpoint is among the reams of nude and draped figure studies here executed at the dawn of the practice of life drawing. They represent the first attempts to reproduce accurately the appearance of man and the natural world. What is so extraordinary is that there is so little grappling towards formulating a means of expression. Drawing in Florence seems almost to have been born fully armed for its challenges — like Pallas Athena

Drawn from the age of Lorenzo the Magnificent

Susan Moore visits the inaugural show in the Uffizi's new galleries

FLORENCE CELEBRATES ITS PAST

Florentine Drawing in the Age of Lorenzo, Gabinetto Disegni e Stampe degli Uffizi, until July 8
Architecture in the Age of Lorenzo in Florence and Tuscany, Spedale degli Innocenti, until July 26
Feasts and Shows in Florence in the Age of Lorenzo, Palazzo Medici Riccardi, until August 30
Books and Documents in the Age of Lorenzo, Biblioteca Mediceo Laurenziana, until June 30
The Critical Fortunes of Lorenzo, Biblioteca Nazionale, until July 30
Political Factions and Institutional Changes in the Age of Lorenzo, Archivio di Stato, until July 30
The Garden of San Marco, Casa Buonarroti, June 20-October 19
Church and City in Florence in the 15th Century, Cripta di San Lorenzo, June 6-September 6
Painting Workshops in Florence in the Age of Lorenzo, Palazzo Strozzi, October 16-January 10, 1993
Restoration of Verrocchio's "Doubting Thomas", Orsanmichele, October 1-January 10, 1993
Craftsmanship and Artistic Production in Florence 1400-1500, Accademia delle Arti del Disegno, November 14-January 15
Giuliano and the Workshop of the de' Medici, S. Alessandro e Palazzo Magnani, December 5-April 25, 1993
The restored Cappella dei Magi in Palazzo Medici Riccardi with frescoes by Benozzo Gozzoli may be visited at weekends by appointment

out of the head of Zeus.

These sheets are attempts not only to explore the material universe but to place man convincingly within it. Hence the desire to observe the interaction of figures, telling gestures and emotions, drapery that clarifies rather than masks human form, and landscapes drawn from the Tuscan countryside that brought the sacred mysteries close to home.

Perhaps the most breathtaking sequence in the show is of eight carefully wrought and boldly lit drapery studies, from Filippo Lippi to Piero di Cosimo. Lorenzo di Credi finds volume with fine sweeping lines of silverpoint and heightening. Leonardo's more painterly crisp, angular folds and deep shadows emerge out of tempera on linen.

The presence of Vasari is keenly felt throughout, both as collector and as the historian who did so much to promote the notion of a Laurentian golden age of artistic patronage. One of the most extraordinary sheets here belonged to the artist: Ghirlandajo's compelling death portrait of a cabbage-nosed old man drawn in silverpoint and white heightening on rose pink paper. Have such misshapen features ever been accorded so much grace? By a peculiar irony, the artist's unflinching observation of the mask of death was to bear

unlikely fruit. If we turn from the drawing to the artist's double portrait in the Louvre, we find the same old man — miraculously alive, and with even more warts — being contemplated by his grandson with the adoration the young accord only to the very old.

To Florentine theorists, "disegno" (design as much as drawing) was an instrument of the intellect and imagination. Its techniques and media evolved to meet new artistic



One of Leonardo's drawings in the Uffizi

challenges. We find Pollaiuolo, for instance, embracing the obligingly quick and fluent medium of pen and ink to commit to paper his notion of an unusually vigorous and energetic Hercules wrestling a blinding club to kill the Hydra. Filippino Lippi refuses to be constrained by the precision of silverpoint, using it with astonishing brio for his sketch of the litter-bearers for his fresco of John the Baptist raising Drusiana from the dead. Black

chalk was found to possess infinitely subtle tonal range, the ideal medium for portrait heads. Red chalk, however, was an even greater pleasure yet to come.

The show allows room for no less than 20 sheets by the fifth-rate goldsmith and niello artist Maso Finiguerra, explicable only as an indication of the rarity of drawings surviving from the 15th century. Understandably, it devotes its last two rooms to Sandro Botticelli

and his contribution to Laurentian culture. Here are some of his remarkable illustrations to Dante's *The Divine Comedy*, as well as figure studies, tempera cartoons and panels. In the "Adoration of the Magi" executed for Santa Maria Novella, we find the young Lorenzo along with the elder Medici paying homage to the Christ Child. What more perfect subject for bankers whose power rivalled that of kings.



The Crimea Revisited

A voyage of discovery in the Black Sea
20th September to 1st October 1992

You are invited to explore the historical sites around the Black Sea, in the company of the Financial Times, aboard the cruise ship the MS Caledonian Star. This trip had been made possible by the dramatic political changes in the region, and only now are westerners able to visit such places as Sevastopol, and the battlefields of the Crimea.

But while our tour will range historically from Troy to Yalta, and take in Gallipoli on the way, this is not just an opportunity for the military historian. We shall join the MS Caledonian Star in Istanbul, and the passage includes visits to the Danube Delta, a haven for birdlife, Odessa with its French flavour, Sinop on the northern tip of Anatolia, and time will be set aside to sample the Massandra wines during our stay in Yalta.

The high standards of the Caledonian Star and her Scandinavian officers give us an excellent and comfortable base from which to enjoy the Financial Times tour. The guest lecturers will include Sir Julian Paget and other authorities, including an FT journalist, thus ensuring that what we offer is only available through this invitation. Please write now for further details.

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DAY 3. Canakkale. Visit the ancient site of Troy.
DAY 4. At sea. Sailing close inshore past Cape Helles to Sulva Bay, we shall see the beaches where the Gallipoli landings took place in 1915.
DAY 5. Sullia - Dardanelles Delta. Here is one of the most outstanding wildernesses left in Europe where we hope to see many species of waterbirds and eastern European birds.
DAY 6. Odessa. See the Potemkin Steps and the Archeological Museum.
DAY 7. Sevastopol. Visit "The Panorama" for a valuable introduction to the Crimean War, followed by a city tour and visits to other museums.
DAY 8. Sevastopol. Full day excursion to the battlefields with picnic lunch. Firstly visiting Balaklava, the ruins at Inkerman and the Chernaya Battlefield. Sail during dinner to Yalta.
DAY 9. Yalta. Morning visit to the Livadia palace, followed by an early lunch and afternoon drive through wine country, finishing with a tasting at the Massandra wine cellars.
DAY 10. At sea.
DAY 11. Sinop. Here, in northern Turkey, we shall walk around the old town visiting the ruins of the Citadel defences walls.
DAY 12. Istanbul. Those who wish to stay on in Istanbul, may take advantage of a specially arranged 3 night stop at the Hilton Hotel. Twin £150. Single £275, including breakfast each morning.
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Radio Hospital talk

we shall not know; such things are not for this series. Work was only lightly dealt with. The patients are less sympathetic than the staff, who seem optimistically caring, even when they must deal with people like the businessman who said that he always felt out of breath when under stress, even if he weren't really. I was on the side of the young women who read out some of the standardie they were expected to maintain. "I wish we could do all this," one of them said.

Nothing about the hospital broadcasting system, if they have one. By ten o'clock last Sunday evening, the patients should all have been asleep, so they would have missed the unexpectedly fascinating *Radio 2 Arts Programme*, celebrating the 150th anniversary of Arthur Sullivan, the one associated with W.S. Gilbert. Naturally it included some choice G&S bits; but it also gave parts at least of the *In Memoriam*

overture, the *Tempest* suite, the cello concerto, *Pinnapple Polk*, *Thespis*, a piano transcription of the wedding march for the Prince of Wales (later King Edward VII), and of course (this was Radio 2) *The Lost Chord*.

The cello concerto and the *Tempest* music (more completely) were also in Radio 3's morning *Composer of the Week*. There we had bits of *One and Two*, *Trials by Jury*, *Pinnapple Polk*, *Johnnie and Rudolph* too — and some of those bits are first-class music. I am especially glad, though, not to have missed Radio 2's actual Sullivan reminiscences.

If Sullivan is a great classical composer, why not Alan Ayckbourn as a great English playwright? In 1956 I heard his *Whatnot*, where half the dialogue is in mime; "They'll all write it off," said that clever critic Philip Hope-Wallace, "but there's something there." On Sunday Radio 3 gave us

Man of the Moment, a sad, sensitive story, written as if for farce, with very much there.

Briefly, bank-clerk Douglas (John Wood) had 17 years ago married Vic (Peter Vaughan) who was robbing a bank. Douglas, a colleague to whom Douglas was hopelessly devoted, Vic served nine years in gaol, then became a television star, successful and arrogant. Meanwhile Douglas had married Nerys, her face badly marred by the shot.

A television feature, *The Pains Crossed*, brings them together in Vic's smart Spanish villa. The intolerable Vic so insults his children's nanny Sharon that she tries to drown herself in his pool; makes no effort to save her, but his decent wife Trudy has inflamed Douglas just enough to prompt him to push him in, and Sharon drowns him. The rest of the play shows how, under the director Jill (Lia Williams, splendid), the fatal events are so reorganised, televisualise, that all ends without trouble. Gordon House was the director.

B.A. Young

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ART GALLERIES

William Packer A critical choice Exhibition to 10th June at Colson Gallery, 15 Reading Rd, Hovey, Oxn. Tel. 0491 592225

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CLOCKS, WATCHES & JEWELLERY

The growing struggle for pole position

Antony Thorncroft notices a switch by marketing-minded watch manufacturers from sports to arts sponsorship

WHEN NIGEL Mansell wins a Grand Prix and Mick Faldo holes in one they do it for love of the sport, for prize money – and for the watch manufacturers. In recent years the watch companies have become very marketing minded, spending lavishly on advertising, on sponsorship, and on corporate hospitality. Many major sporting events, and some in the arts, are underpinned with watch money.

To a great extent this is a natural consequence of the watch manufacturers' successful development of ranges of sports watches; it adds conviction if their brands can be seen on the wrists of successful sportsmen and women. Zeon, which expects to sell 2m watches in the UK this year, confirming its status as market leader in terms of units sold, attributes much of its growth to its decision to sponsor racing driver Nigel Mansell in 1988.

The advertising campaign built around Mansell and its range of sports watches, secured Zeon the retail distribution and window displays which powered its growth. However, it is alive to the fact that Mansell might retire after this Grand Prix season, and it is investing links with other sports personalities. Zeon also supports motor cross from its £500,000 promotional budget.

At the other extreme from Zeon is Cartier. It sponsors unwittingly up-market events – like the Cartier International day at the Guards Polo Club in Windsor Great Park – where it would expect to meet existing or potential customers. Just to make sure the audience meets its needs, Cartier jets in guests from throughout the world who are more than happy to rub shoulders with the Royals who regularly turn up in force.

Cartier has extended its sponsorship into its Racing Awards, which are unusual in that the accolades go to the best horses of the year rather than trainers or owners. The company is also unusual in backing the arts through the Cartier Foundation for Contemporary Art, an arts centre on the outskirts of Paris, which it is stocking with modern art.

Generally, while arts sponsorship has grown rapidly, watch manufacturers have preferred to concentrate their money behind sport. This is changing. Raymond Weil backs the arts in Switzerland and Belgium and Patek Philippe celebrated its 150th anniversary with a gala concert in Geneva. Its UK operation entertained guests at Garrards, the Bond Street jewellers, with music by the London Symphony Orchestra. Given the up-market profile of the arts, and its ability to cross frontiers, stronger links with the watch manufacturers seem certain.

In the meantime, the obsession with sport continues apace, mainly because it is proving good for business. TAG-Heuer provides an obvious example. It has stormed ahead in a generally static market with a heavy promotional drive for its range of sports watches, and sales are higher.

Not every watch company is going for big glamorous events. Sector, with its slogan "No Limits", concentrates on off-beat sponsorships in which its watch is identified with really challenging ex-

ercises, such as speed ski-diving, trans-Atlantic and trans-Pacific rowing, Antarctic exploration and the like. It identifies with interesting personalities rather than stars, and expects a public relations spin-off from the media coverage of their exploits.

This marketing concept was pioneered in Italy, where it has proved successful, so much so that there is now a magazine, *No Limits*, which retells the adventures of these hardy types with copious plugs for Sector. The aim is to sell its brand of sports watches to armchair travellers (prices range from £115 to £500) who like the knowledge that their are "no limits" to the hardness of their watch.

Most other watch makers choose their sport and stick with it. Ebel backs the Professional Golfers Association. It is the official time keeper for its event, and leading players wear Ebel watches. Once again there is a natural link between golf and potential customers (to say nothing of the corporate hospitality of retailers at major tournaments.)

Seeing Ian Woosnam or Sandy Lisle swinging away with an Ebel watch on their wrist is excellent publicity. For Corum the link is with the Admiral's Cup. It has been supporting the event since it first produced a nautical watch, with the hours marked by flags, in 1963, and is so happy with the connection that it has extended its sponsorship to the French national team, which repaid its confidence in winning the Cup in 1981.

Just as Corum hopes it has the backing of the world's sailors, so Breitling is indelibly associated with aviation. It backs all the big flying events, from the Jersey Air Fair to the Biggin Hill show, and has the Breitling pilot on hand to perform stunts. But Breitling has added other sports to its range: white-water rafting in France and three-day eventing in England.

And so it goes on. Audemars Piguet sponsors golfer Nick Faldo; Hublot is big in golf and Alfred Dunhill in polo and golf. As the watch manufacturers discover the commercial joys of branding, creating watches aimed at specific

markets, watches for golf, for tennis, for sailing, for sports generally, but with spin-offs for the man in the street (or the woman buying a watch as a present), so the links with sports organisers and sports men and women grow ever closer. As well as the potential of free television coverage for big events, the sponsors also obtain attractive entertainment facilities,

both for trade guests and existing and potential customers. Sponsorship by the watch trade is now a multi-million pound business. But the biggest coup of all – official timekeeper for the 1992 Olympics – has cost Seiko nothing. It won this accolade in direct competition with Swiss Timing, which handled events last time.

Along with IBM, which provides the computer data, it is the only brand name to be seen on screen as the Barcelona games are transmitted throughout the world. It will cost Seiko a great deal of investment to ensure that its system works. It will be spending millions promoting the link. But it is ironic that the ultimate sports event should be beyond the sponsors' power.



TAG-Heuer has stormed ahead in a static market with a promotional drive for its sports watches



Promotion favourite: World champion Formula 1 driver Ayrton Senna

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Along with IBM, which provides

Patricia Morison set out with £1,000 to see what she could buy

Baubles on a budget

IT IS easy to spend a fortune on jewellery, but these are difficult times, so I set out round the dealers of London to find what treasures I could pick up on a budget of £1,000.

Unless you have plenty of time, buying at jewellery sales is a non-starter. And even though you might strike lucky at an auction, even allowing for payment of commission and VAT, it is easy for an ignorant buyer to come unstuck in the sale-room where, after a month has elapsed, there is no come-back.

Secondhand jewellery dealers need to carry a big stock; they charge a mark-up of 300 or 400 per cent on a piece they have "bought well" at auction, but someone who fuses for a reputable jeweller without finds there is quick profit, should expect redemptive value. Even if a piece sells wrong, a good dealer should offer to exchange it or refund. Membership of BABA and LPADA is a useful badge of respectability. But always obtain a fully descriptive receipt of your purchase. For example, if the brooch is sold as Art Deco, be sure those words appear on the receipt.

Anyone setting out cold around London's antiques and collectibles shops could usefully buy themselves *The Collector*, a monthly magazine costing £1 which gives an area by area directory of shops. It is widely available in antique shops and hotels; or ringfax 081-749-7020.

Burlington Gardens in the West End is an elegant corner in which to start the hunt for period jewellery, although a budget of £1,000 turns out not to offer very much. The casual purchaser of jewellery is a far less common creature these days, and prices are currently depressed – 10 per cent down, according to one dealer. So do not be deterred by the smart suit and plumby accent – make the dealer an offer.

Blane Thompson at Silver, 3-5 Burlington Gardens, says period and antique jewellery becomes a better buy in a recession. The high street chains selling new jewellery have fixed profit margins, whereas dealers in old pieces can afford to drop their prices. Second-hand jewellery is a better buy because, with a modern piece, a purchaser is paying for the workmanship, making jew-

ellery is skilled and time-consuming. What if you should fall on hard times? When purchasing a second-hand piece, Thompson says, "most jewellers will be prepared to give you what you paid, plus the added value if it has gone up." Silver specialises in Art Nouveau and Lilliput (unaffordable with a budget of £1,000) and traditional English jewellery.

The Victorian pieces which fall within budget tend to be conventional and rather heavy. The introduction of platinum, around 1900, allowed jewellers to make really fine settings. Edwardian rings, set with a large tourmaline, cost about £1,000. A pretty Tiffany gold penwork flower-brooch in jet and rubies is £750; a black enamel, seedpearl and diamond brooch costs £800. Brooches, rings, and pendants are more likely than earrings to come within the budget.

Buyers with a sense of history tend to like Victorian gold posy rings and mourning rings, which range from £100 to £1,000, and Roman intaglios in Victorian settings – intaglios and cameos could well be Italian fakes, but that merely adds to the period flavour. Across the way at Harvey and Gore, £1,000 will take you back as far as the late 18th century, with a pair of keepsake bracelets of painted ivory (called "bone" these days), enamel, hair, and gilt. Pretty Georgian brooches and chokers of imitation diamonds made of paste may cost in the region of £500; unfortunately they are extremely fragile.

At Grays Antique Market at 58 Davies Street and in the mews behind, prices are lower. These days, almost the only sounds on a weekday are the cries of dealers calling dejectedly to each other, like sea birds on a deserted coastline.

At Licht and Morrison, specialists in antique and period jewellery, it becomes clear that quality Art Deco pieces are over budget. Attractive Victorian pieces, such as a delectable pearl and diamond hangle and a chunky diamond brooch in 15 carat gold, cost £1,500-£1,900. For rather original pieces, try Donohoes in Davies Mews, which specialises in "artist's jewellery" and rather wonderful Holbeinesque pieces – Victorian pastiche which makes you feel like Mary Stuart on a good day.

For something solidly English and distinctly cheaper, consider Whitty jet and its look-alikes: there was simply not enough jet to satisfy the Victorian passion for the stuff. Allison Massey in Grays Market is the only dealer who specialises in jet. Massive-looking carved chokers and necklaces (jet is extraordinarily light), tiaras and chokers in reddish-hued

"French jet" (which is probably not French and certainly not jet), are also affordable. The medium – "jet" in fact, is glass – allows far more delicate workmanship. But it is black-as-your-hat Whitty jet, which has the literary cachet, thanks to the poet-lover's gift in A S Byatt's recent novel, *Possession*. What better – or better-value – keepsake of a romantic visit?

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CLOCKS, WATCHES & JEWELLERY

Robotic production falls out of favour

John Goodall finds a growing market for mechanical time pieces

THOSE who appreciate fine time pieces have long preferred mechanical watches to their quartz counterparts. This year is likely to prove a turning point in the revival of interest in high quality mechanical watches. For some years, mechanical horology has been undergoing a revival, but only recently have fresh advances in technology enabled Switzerland's master watchmakers to achieve what they would have previously considered impossible.

People who spend thousands of pounds on a gold watch like to own a product that has been assembled or finished by a craftsman whose skills have been handed down from father to son for many generations. Mechanical watches that emerge from a production line may be high in quality, but the type of watch most likely to appeal to a collector will have been assembled, checked and regulated by hand.

Although the finest mechanical watches are made using modern equipment to allow even greater precision and improve parts of the production process, mainly at the design stage, no machine can match the patience and skill of the engraver who decorates a movement or case, nor the craftsman who painstakingly places the dial and movement of a skeleton watch to make it almost transparent.

A growing number of collectors delight in acquiring these miniature marvels of engineering, whether modern or vintage.

To understand the watchmaker's achievements it is worthwhile considering what a marvel he produces. If the mainpring of a watch were left to itself it would uncoil in seconds, causing the wheels inside and the hands to spin at a tremendous rate. In order to control the rate at which this pent-up power is released, horologists have invented the escapement, which releases the driving power of the spring a little at a time, causing the familiar ticking sound.

The work done by the escapement is extremely demanding. In an ordinary mechanical watch, the balance wheel swings 18,000 times an hour and the gear train moves forward 432,000 times in 24 hours. In six years, this represents almost one thousand million impulses.

If a mechanical watch varies by one minute a day, it has a precision of 99.93 per cent - a good example should be seven times more accurate, to within one minute a week. This is a remarkable achievement for a mechanical measuring device

small enough to fit on the wrist and which provides up to 100 years of service.

Quartz watches have been available for over 20 years and today their accuracy and reliability are taken for granted. They accounted for more than 90 per cent of all Swiss watch exports last year and an even higher percentage from Japan. However, last year the number of mechanical watches exported from Switzerland increased by 23 per cent. Although these 2.6m units represent only 8 per cent of all watches exported, they account for a staggering 44 per cent in value terms.

The past 20 years have seen quartz movement manufacturers rapidly develop and perfect their technology. Few challenges are left, and to the serious collector, the watches have less character than mechanical timepieces.

This is reflected in the annual watch and jewellery fair at Basel, in Switzerland, where the most interesting new products this year were mechanical watches and little innovation can be seen in the world of quartz watches, although the

ments enjoy fashions, like any other luxury product, but the cost of developing entirely new movements is so great that watch fashions change more slowly than others. For several years, for example, moon phase dials were in vogue but now interest in the moon is definitely waning.

Last year mechanical and quartz "complicated" watches - models with many dials and many functions - took centre stage, and this trend seems likely to continue. The popularity of the chronograph - the watch with a half-in stopwatch - continues. Many more perpetual calendar watches - which show the date and allow for leap years - are on the market. Minute repeater watches, which delicately chime the time on command, have also kept Swiss watchmakers busy over the past year.

So much research, development and investment go into the production of new complicated movements - especially the mechanical models - that manufacturers hope they will remain in production well into the future. Each year it seems

If a mechanical watch varies by one minute a day, it has a precision of 99.93 per cent - a good example should be seven times more accurate

styling of cases, bracelets and straps continues to evolve.

However, there is one important exception: the movement that uses a conventional quartz movement for accuracy and adds to it high-precision micro-mechanics to provide the additional information which a complicated watch has to display.

While Swatch has produced 100m watches in the past 10 years, at the opposite end of the market Patek Philippe is careful not to expand production at the expense of quality. In April this year it unveiled two important "new" models, a minute repeater wristwatch with a tourbillon escapement, and a minute repeating perpetual calendar with a fly-back calendar hand.

The former will cost about £250,000, while the latter will be around \$350,000. In the next 12 months it will probably be able to produce only five pieces of each for world-wide consumption, such is the skill and time needed to produce each watch. During the Basel fair, where both watches were shown for the first time, orders for six of each were received from London stockists alone. Watches and watch move-

more unlikely that the previous year's achievements can be surpassed, and yet further technical refinements and improvements in quality appear.

"Limited editions" became popular last year but too many Swiss watch companies jumped on the bandwagon, and supply outstripped demand. This year, the few limited editions being offered are of genuine interest, such as the limited edition reproduction of Cartier's famous Crash watch, or an unusual elongated oval design known as the Baguette Allongée. The unique flip-over Reverso 60th by Jaeger-LeCoultre, of which only 500 were made, was sold out long ago. Now, however, the Reverso is enjoying renewed interest and a book about the history of this classic watch is on sale.

Vacheron Constantin has long been respected as one of Switzerland's finest producers. This year it has introduced a minute repeater watch which is an exact replica of one of the company's models from the 1890s. It is a masculine model in an 18 carat yellow gold or platinum case and owes its revival to advanced technology. The thin hand-wound

movement has a power reserve of 48 hours and strikes on demand the hours, quarters and minutes, using two gongs. Only 200 pieces of this limited edition are to be made.

Blancpain is one of the most respected names in watchmaking and noted for its determination not to make a watch containing a quartz movement. Instead, it has concentrated its efforts on perfecting some classic models. This year, it has created the world's slimmest self-winding chronograph with a flyback band, and added to it a perpetual calendar mechanism. It contains 323 parts but the movement is only 27mm in diameter and just 6.95mm thick.

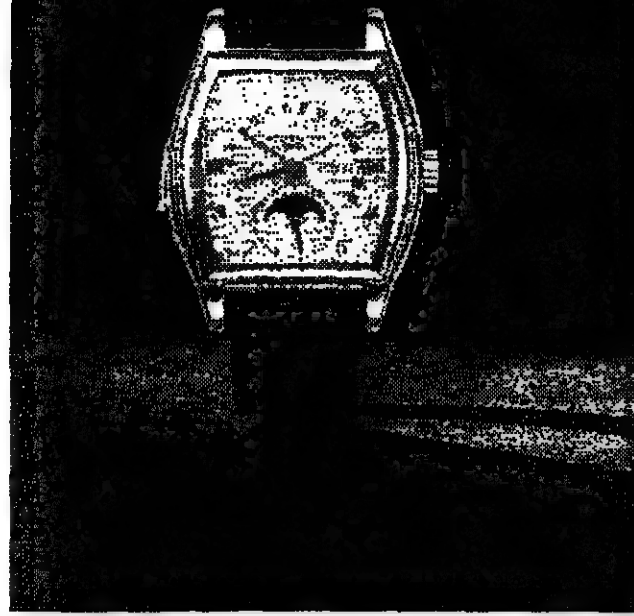
Chopard, a family-owned company in Geneva, is unusual in that it makes its own fine watches but is also renowned for its diamonds and gem-set jewellery too. Its timepieces include the Happy Diamonds collection of diamond-encrusted jewellery watches, with loose diamonds rolling around the outer part of the watch case.

Piaget - long associated with jewellery watches - now makes many fine pieces in plain gold cases. This year, it is paying a tribute to Georges Piaget, the company's founder, by reproducing the characteristics which prevailed 50 years ago in Georges Piaget Watch. A round, classical watch, it is being issued in a limited series of 500. It has a hand-wound mechanical movement 2mm thick, first developed and produced in 1936 and which still forms the basis of the entire Piaget classic watch line. It is manufactured entirely within the Piaget workshops and requires 870 separate operations. The movement of the numbered edition from 1 to 100 in platinum is elaborately engraved by hand and is a superb example of the engraver's art.

Ebel has produced the left-handed watch. Designed to be worn on the right wrist by left-handed people, the 1911 is a special version of a popular design. The left-handed version has the date at nine o'clock instead of three o'clock, so it is not hidden by the sleeve, and the winding button is on the left of the case, making time and date setting easier. It is believed to be the first series-production timepiece of its kind.

Cartier has recently opened its own watch factories to reduce its dependence on outside producers. The results promise to be exciting, now that design, development and manufacturing both movements and cases can be done in-house.

One of the most exciting examples is the important new Tank B ascendant - the



A moon phase dial: interest in this style is on the wane

Rocking Chair watch. In the familiar rectangular tank shape for which Cartier is famous, the inner part of the case is pivoted in the centre so that the watch case can be turned face-down on the wrist.

Gucci Timepieces has earned itself a strong reputation for making fashion watches. Now it is enhancing the range with an 18 carat gold collection. The lines are clean and simple and the gold is either carefully polished or satin finished. Gucci watch prices are now from £599 up to £3,400.

Bertolucci is a brand which combines Swiss precision and Italian design flair. It became well known for its Pulchra line, inspired by seaside pebbles. A new collection, Docta, features similar rounded styling. In the Pulchra line it has introduced an advanced self-winding mechanical model with a perpetual calendar.

In the past 12 months one curiosity has grown in popularity among Swiss manufacturers: jumping hours. Such watches have a conventional hand to indicate the minutes and seconds, but the hours are shown in digital form in a window. The term "jumping hours" is derived from the practice of ensuring that the hour indication jumps to display the next hour. One example is being introduced this year by Audemars Piguet, combining a minute repeater watch with a jumping hours display. The watch shows the hour through an aperture in the dial and displays minutes and seconds on hands in the normal way. On demand the repeater function strikes the hours, quarters and minutes using three different tones.

International Watch Company, one of the manufacturers favoured by collectors, introduced a grand complication wristwatch two years ago, a



Blancpain's ultra-slim chronograph

watch which has always been considered the pinnacle of the watchmaker's art in pocket watch form. The much smaller wristwatch version, is an even greater achievement. IWC is the only company to have succeeded in achieving regular production. The grand complication is only available in platinum. When introduced the price was \$26,000; now it is \$27,500. It is only possible to make 50 each year and the company now has orders on its books for another seven years.

Interest in fine watches is spreading, but the number of watchmakers is strictly limited. So demand often outstrips supply - a situation that tends to attract still more collectors, for who wants to collect anything which is freely available? The author is the editor of International Wristwatch

Marketing

Makers ride the recession

Industry continues to tick over nicely, says John Goodall

THE WORLD'S watchmakers are coping well with the recession. No big company has gone out of business and global production rose in 1991. Attitudes have changed considerably. In most western countries, consumers take much more trouble over the choice of their watches than they did.

The arrival of the Swiss plastic Swatch 10 years ago (100m had been produced by last month) provided the catalyst for change and led to watches attracting much more attention than ever before.

Indeed, Swatch marked a turning point in the fortunes of the Swiss industry, which had suffered from Japanese domination of quartz watch production in the 1970s.

There were suggestions at the end of the 1980s that the popularity of the Swatch had peaked. But sales have continued to rise and it has become a cult product.

Industry insiders tell the story about one American dealer who took a gamble two years ago and agreed to exchange an 18ct Patek Philippe rose gold watch for a Swatch Jellyfish.

Today, the dealer and his customer from Italy joke about the remarkable state of affairs in which the plastic Jellyfish has a higher auction value than the gold Patek.

This bizarre deal highlights the two most interesting sections of the watch market. The Swatch has become highly sought-after by collectors; even some of those who traditionally have been attracted to some of the finest watches ever made collect the modern plastic watch, too.

In Italy, some Swatch models are in such demand that a black market has developed. But it is elusive almost everywhere.

This unlikely obsession with inexpensive Swatches has not hurt the rest of the trade. Top quality gold watches have ridden out the recession more successfully than most fashion items, and some manufacturers have waiting lists of years, rather than weeks or months, for their most prized pieces.

Swiss and Japanese manufacturers each have concentrated on clearly-defined market goals. Citizen and Seiko have put their efforts into developing technically advanced quartz movements which can be produced in vast numbers. Nobody could fault the quality of these or the cases, and they offer good value for money. Although both companies would like to break into the luxury end of the market, they

have failed to make as much progress as they would like. But they have put much effort into broadening their appeal and selling more watches at prices up to about £500. Their technically-advanced movements have played a big part in this drive.

While the Swiss have had phenomenal success with Swatch, they also reign supreme in finest gold watches through a combination of styling and the excellence of their quartz and mechanical movements. Ironically, the Japanese market is very important for many top-line Swiss brands.

One Swiss company, Tagheuer, has made particularly strong progress. In the past seven years, its turnover has increased sevenfold.

The decisive factors in its success have been demand in the sports market - which is its speciality - and the ability to define a clear and precise marketing strategy, as well as developing a strong product line, its links with the McLaren motor-racing team helped it gain publicity and it is now the official timekeeper for Formula 1.

Hong Kong has produced huge numbers of watches over the past 10 or 15 years but these mainly have been digital - and the market for those is shrinking. Earlier this month a British company, Time Products, announced it had closed Ramex, its Hong Kong watch subsidiary, because it was no longer competitive against the Swiss and Japanese.

A potential new watch giant is, however, starting to flex its muscles - not in Europe, Hong Kong or Taiwan, but in India. Titan Watch, a division of the country's largest company, decided in 1983 to open a watch factory.

Two years later it was in full production, using machinery supplied by France. Elanuches and Citizen. By the end of 1991, Titan had well over 60 per cent of the Indian quartz watch market.

It plans to enter the UK and French markets at the beginning of 1993, placing a strong emphasis on design, market research, advertising and all the other ingredients which are vital to the establishment of a new brand.

Already, the factory in Tamil Nadu employs 2,000 people and is one of the best-equipped and most modern in the world. When Titan comes to Europe, it will do so not with cheap watches but with a range designed by some of Europe's top designers. Titan is now beginning to produce its first prototypes in gold.

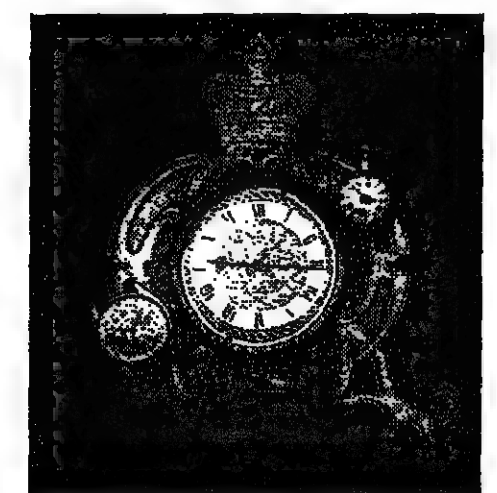
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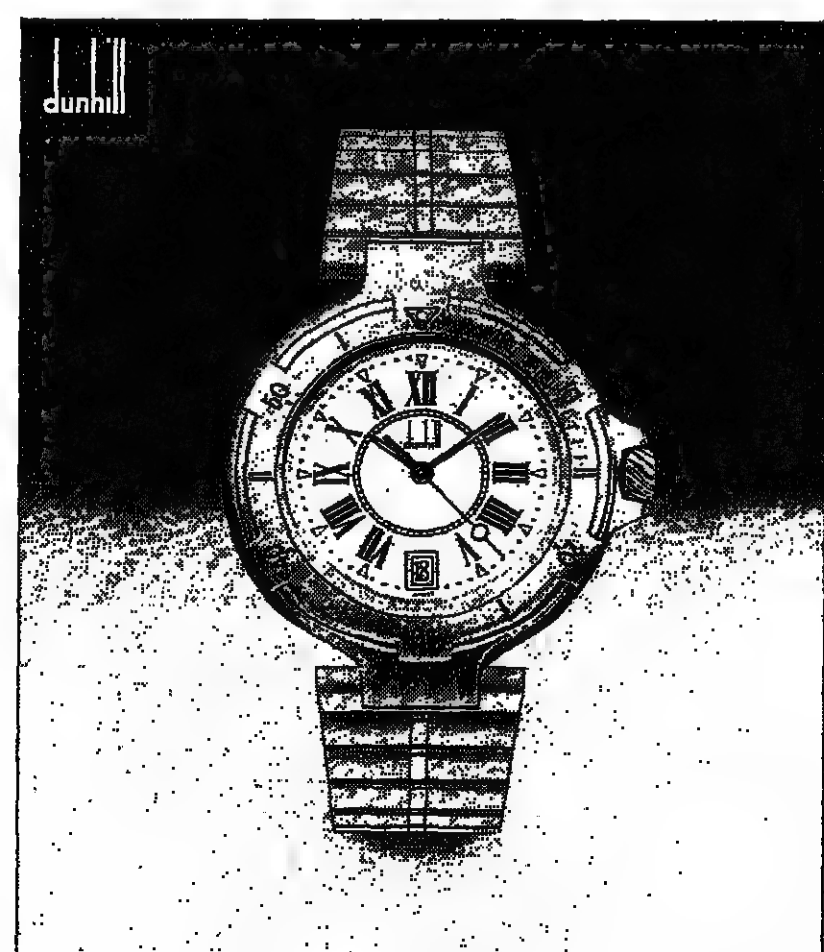
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CLOCKS, WATCHES & JEWELLERY

Why it simply has to be ... a real little gem

What really matters when you buy a keepsake? Lucia van der Post finds out



From Tiffany's Signature Collection: 18 carat gold earrings, £690, and bracelet, £2,500



New for Bulgari is the Naturalia collection, a more fluid, less architectural range. The brooch is in gold and brilliant-cut 'tulips' in smoky quartz, pink tourmaline, citrine and 'leaves' in green tourmaline and peridot. £10,800



Boucheron keeps a supply of more accessibly priced jewellery such as these 18 carat gold and enamel pins. Most retail at £470 but the diamond-winged bee is £2,050 and £2,900 while the ladybird is £3,600

ANITA LOOS, Zsa Zsa Gabor, Liz Taylor and that vast sisterhood of upfront Hollywood ladies had no doubts about the matter - when it comes to jewels what really matters is quite simple: are they real and are they big?

These sentiments may seem a little bold for Britain, in or out of recession, but there is no getting away from it that when it comes to rites of passage in a woman's life - her 21st, her engagement, wedding, first child and ensuing anniversaries - nothing but real will do. Some fake pearls? A bangle from a boutique down the road? A witty ring? Well-designed they may be, fun too - but appropriate? No, never.

So, although costume jewellery sales may go on booming, and may have a place in the daily lives of most of us, any man wishing to celebrate a big day in the life of his nearest and dearest would be wise to remember to make it real.

This is true no matter how far down the financial scale you look. When it comes to engagement rings, for instance, what every bride longs for, the jewellers tell us, is a ring with a real stone. Times may be hard, wallets thinner but no self-respecting first-time bride will want to wait up the aisle with anything less sparkling on her finger.

Some 74 per cent of all first-time brides, we learn, go for diamonds at an average cost of £270 a time and, perhaps most surprising of all, in these modern, unisex days it is not all one way - 80 per cent of all grooms want a wedding ring and one in five of those will choose one with diamonds.

No matter how hard the times, the need for these "necessities" as they are known in the jewellery trade, goes on for ever. But while "necessities" may be their bread and butter, any jeweller who hopes to survive into the 1990s knows well enough that changing times require changing attitudes.

As the number of coronations, grand balls and royal marriages dwindles, so more new-money and growing professional classes have emerged to keep the accountants happy. All these changes are faithfully reflected in the wares the big

jewellers offer. Matching sets of tiaras, necklaces and earrings ablaze with precious stones are thinner on the ground. Gold bracelets and chic little brooches that could sit happily on a working suit, cuff-links for a smart French cuff, are brought well to the foreground.

Rosamund Mowbray, managing director of Tiffany, 25 Old Bond Street, London, W1, saw the way the wind was blowing: "I personally go through the sales slips every day to see what is moving." She made sure that she was plentifully supplied with affordable middle-range jewellery. (Affordable, of course, is a moveable feast, but we are talking Bond Street here and affordable could be anything from £400 to £10,000).

Tiffany, of course, has always had the work of people like Elsa Peretti and Paloma Picasso, known more for the panache and impact of their

'Far more people can afford a pair of diamond earrings now'

designs than the high prices of the materials. This may not be the stuff that brings the Maharajas or the Saudi Princesses running but, more to the point in these egalitarian days, it is just the thing that many a successful professional woman might buy to celebrate a promotion and that a salaried professional man could afford to treat his wife to.

But even at jewellers known more specifically for their *haut joaillerie*, such as Boucheron, 180 New Bond Street, London, W1, the view is that all this talk of gloom and doom has been overdone. Certainly 1991 was not a good year but, as Daniel Reveyron of Boucheron says: "If you take a long-term view much more business is being done today than 15 years ago. 1991 may have been down when compared with 1990 and more particularly with the late 1980s but compared with 1975 it is still incomparably up."

"Society these days is infinitely richer, far more people can afford a pair of diamond earrings or a good gold bangle than 30 years ago. Go to the first room in the British Museum and what do you find? - weapons and jewellery. Adornment of the person is an ancient tradition. The desire for jewellery is old and deep and it will take more than a recession for people to stop buying."

The key, though, for Boucheron too, has been to provide plenty of choice in the "affordable" range. For instance, Boucheron's puzzle jewellery - for women rings and bracelets start at £330 for a ring, £1,800 for a bracelet, and for chaps, cufflinks start at £425 a pair - has been a steady seller all through the dark days. Women choose gifts for men when Christmas or a birthday comes up, men buy them all the year round. They are, you might say, a piece of affordable fun. You can add to them as the years go by and change the look, with the variety of optional inserts, from day to day.

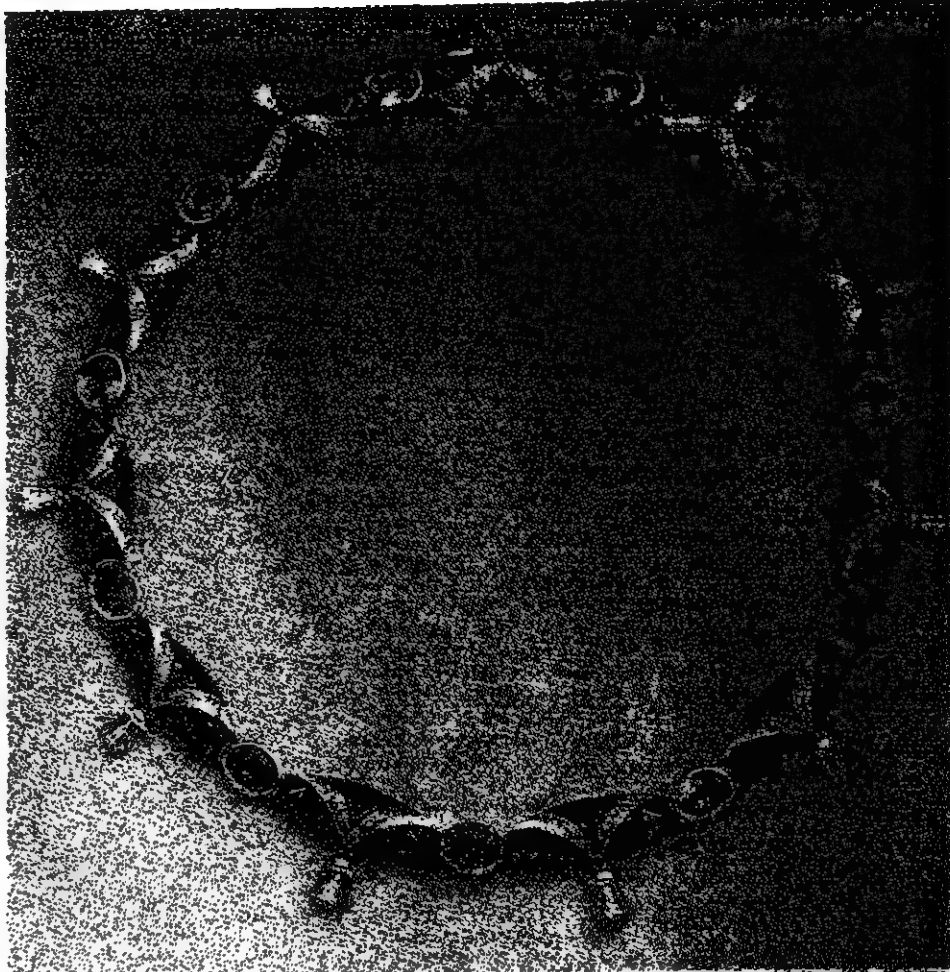
At Asprey, too, the word is that everything that is small and reasonable, whether it be a little pearly delight or a small diamond number is still selling well - provided it is somewhere in the magic band of £1,000-£4,000.

They look back with wonder at the heady days of the late 1980s when several times a year they could sell £500,000 "suites", when men would buy each other hugely expensive watches to celebrate a deal, when everybody was high on profits and bonuses and price seemed no barrier. These days they make sure that there are gold earrings, cuff-links or silver bracelets at no more than £500 a time and these seem to keep the tills ringing and the volumes up.

And as for watches - the days when a watch was purely functional are long gone. When a woman needs a pick-me-up, or what a friend calls some "retail therapy" she may buy herself a lipstick or a designer jacket. When a chap needs to cheer himself up or a reward for a job well done, a watch is what he goes for. And not just any old watch - expensive, designer-labelled, big-status stuff. Just as no woman ever had too many designer jackets, so it seems, the man about town cannot have too many watches.

Hennell, of Bond Street, London W1, reports that the value of every sale is down but by dint of producing a new collection of "affordable" jewellery - in its case this means the Westminster and Fleur de Lys ring collection and some 18 carat gold jewellery at around a £3,000 a time - volume is still holding up well.

But, needless to say, the desire for a little decorative *quelque chose* is not confined exclusively to the rich. When a few years ago the *Daily Mirror* asked its readers what they most wanted to find in their stockings on Christmas morning, it found that most women



hoped for a pair of diamond earrings.

Some of the middle-market chains, such as Beaverbrooks with its 27 stores specialising in gold jewellery in the north of England and Scotland, report that overall there was no falling off of sales at all. 1991 figures were up on 1990 which in turn was up on 1989. Sales of 18 carat gold moved ahead of those in 9 carat - no-one wants to throw away money on things with little intrinsic value. Better a smaller piece in 18 carat gold than a larger one in 9-carat seems to be the message.

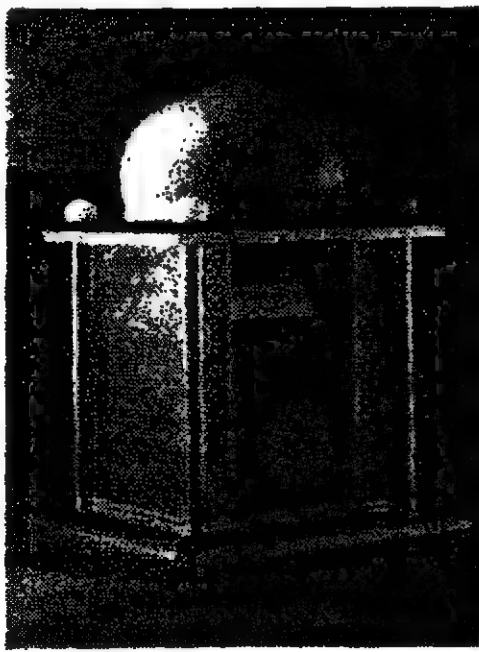
So when it comes to cheering themselves up she likes nothing better than a bauble and he could be nicely consoled with a dashing pair of cufflinks or a big-name watch. Times are nothing like as hard as they have been made out to be.

Above: Roger Doyle specialises in combining semi-precious stones like tourmalines and tanzanite with enamel work to create an effect both rich and original. Typical of his work is the necklace photographed above which also has diamonds on every loop and is therefore not cheap - however Roger Doyle has smaller pieces such as brooches and rings in the £3,000 and £4,000 range at his workshop at 20 Maddox Street, London W1 9 PG. He works mainly to commission. Right: From Asprey, 185-189 New Bond Street, London W1 and 53 Fenchurch Street, London EC3M 6BB, part of the "affordable" collection - 18 carat gold bangles from \$980. Earrings start at £395

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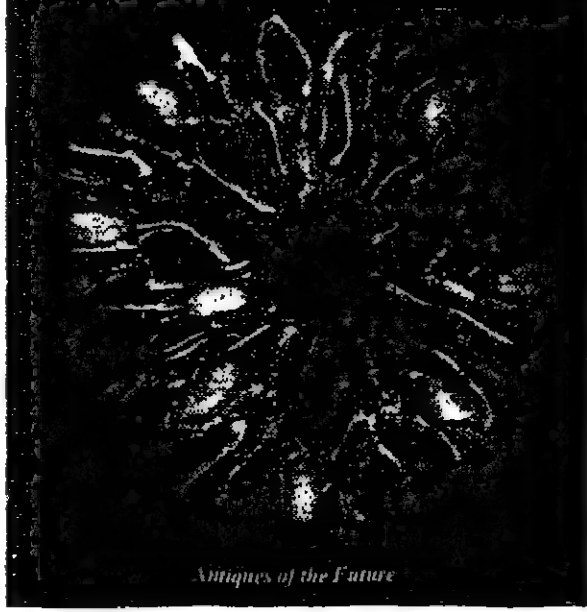
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CLOCKS, WATCHES & JEWELLERY

Vintage models help to put a spring in the market

Richard Garnier finds that collectors are willing to pay plenty for old-fashioned styles

MOST people own a wrist watch, probably a quartz model powered by a battery. But some may still retain the first watch they ever had - which, almost certainly, will be of the wind-up variety.

These old-fashioned mechanical models appeal far more to watch buffs than the mass-produced modern product. Add an element of power dressing - through the clout of recognised up-market brand names combined with imposing multi-function displays on the dials - and you have the essence of a serious market for collectors. This goes some way towards explaining why a Patek Philippe perpetual calendar and moon phase wrist watch - one of only three examples in a platinum case - went on to sell for \$308,000 after being taken into Sotheby's for a chance valuation.

Patek is the leading name among the big six of the collectors' world (the others being Rolex, Vacheron + Constantin, Jaeger Le Coultre, Audemars Piguet and Cartier).

Patek is the Rolls-Royce of the industry, while Rolex has the most rugged appeal and Cartier the edge for style. The undoubted cachet of Cartier - especially for watches in the now timeless Art Deco style, for which the company is known best - has meant that Cartier's are the only second-hand women's watches of serious market value.

While women still prefer a new watch, vintage models remain a male preserve in much the same way as classic cars. Gone, though, are the days when current models of complicated watches produced by the big six (basically, reviving types made in the 1850s and '60s) habitually made more at auction than their list price.

The three leading watch auctioneers - Sotheby's, Christie's and Antiquorum of Geneva - now report sales of current production models at or near list prices. This is a direct reflection of a slackening (but not collapse) of demand because of the recession, which has meant that manufacturers' waiting lists have all but disappeared.

One exception is Rolex. Its Submariner and Daytona models still have long waiting lists - distinctly Italian-led - and anyone lucky enough to secure one can sell it for an immediate profit.

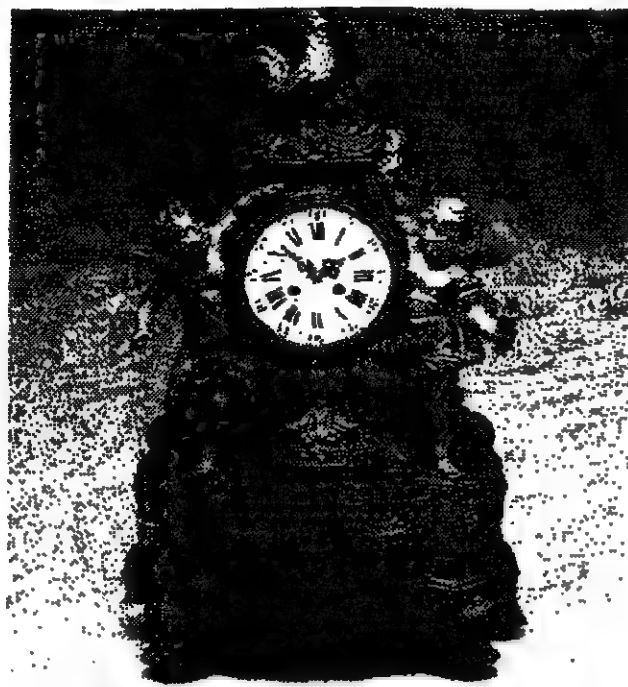
These sales have been one way of trying to maximise results in an increasingly choosy market. The first of these, by Antiquorum for Patek in its 150th anniversary year, was nearly a sell-out. The same auctioneer concentrated this time last year on Breguet, but the market was much more finicky and the sale, although yielding a satisfactory total, was by no means a runaway success.

Swatches have been the surprise ugly ducklings in this field since, in the public's mind, they mix mass production with a hipped fashion appeal. But not all Swatch models are made in high-number series; take, for instance, the two Velvet Undergrounds enveloped in black or white stocking mesh which sold for \$7,000 at Christie's in London on May 8.

This sum - at the bottom end of the estimate - for these 1985 models, produced in 500 examples only, was still a respectable performance in a themed section of a general sale which, the auctioneers admitted was not as buoyant as had been hoped, and contained a high level of casualties. Thus the Swatch market is coming of age.

American, German and Swiss collectors have been concentrating on the more unusual examples, such as variants of production models, test pieces, prototypes, and hybrids such as those made by Swatch employees for their own amusement. One such 1984 hybrid made the highest price of \$28,460 at the April Antiquorum sale.

Pocket watches are a much older market which, at one



A large 1870 French ornate mantel clock in the Garrard display

stage, threatened to become inactive. While 18th and 19th century decorative watches are still not the hot properties they used to be, prices have held on to the 50 per cent rise at the start of last year. Thus, an Empire-period enameled gold watch now makes \$1,800 compared with the \$1,200 it used to fetch. This, though, is still less than the \$2,500 such a watch would have made late in the 1970s.

There must be bargains here, if only a new generation of people collecting decorative pocket watches could be inspired. Sotheby's in London seems to have a very good selection in its next sale on June 4, with more than 200 lots.

But whereas decorative watches are plentiful, high-precision pocket models from the late 18th and early 20th centuries are in such short supply at auction that they always achieve good results. For example, \$100,000 was paid at Antiquorum's April sale for a 1902 watch by Charles Frodsham of London. This 15-carat gold model was a minute-repeating, keyless pocket chronometer with one-minute tourbillon and seconds split chronograph with 60-minute recorder.

Humbler hunter and half-hunter cased pocket watches still represent great value at auction, selling for little more than the gold value of their cases. Anything of this type with a reliable movement should be desirable.

Antique clocks are a quieter market than 18 months ago, but the change of emphasis is in the speed of sales rather than price. Dealers report that interest has held up, but that each sale takes much longer to complete after the initial enquiry.

Prices at auction are stable and, for some types of 18th and 19th century clocks, are even ahead of the supposed peak of the market late in 1988. But one investor, perhaps reflecting the view of many others, expressed surprise recently at the very reasonable price level of antique clocks; he said it was well below what it would cost to make an equivalent today. Of course, a newly-made clock can never have the same appeal as an antique which has stood the test of time in terms of design and mechanism while attaining a pleasing patina of age.

These days, good style is much more important for buyers than the narrow historical band of 1880-1920 clocks upon which collectors concentrated in the 1960s, '60s and '70s. In this context, verge escapement clocks used to be the only ones considered; now, anchor escapement clocks of the Regency and Victorian periods no longer suffer from the snobbery of the past. A Regency chamber top bracket clock of good colour and proportions can make just as much as a mid-Georgian verge bracket clock.

It is on these lines that Garrard, the Crown Jeweller, is organising its exhibition, Master Clockmakers: The Golden Age of English Horology 1680-1900 (May 18-30), with exhibits both on loan and for sale. The exhibition emphasises the essential quality of English antique clocks (regardless of the importance of the maker) as was required by the regulations of the Worshipful Company of Clockmakers when it was set up in the 17th century in the City of London. Prices range from \$1,800, for a Victorian rosewood bracket clock, to more than \$1m.

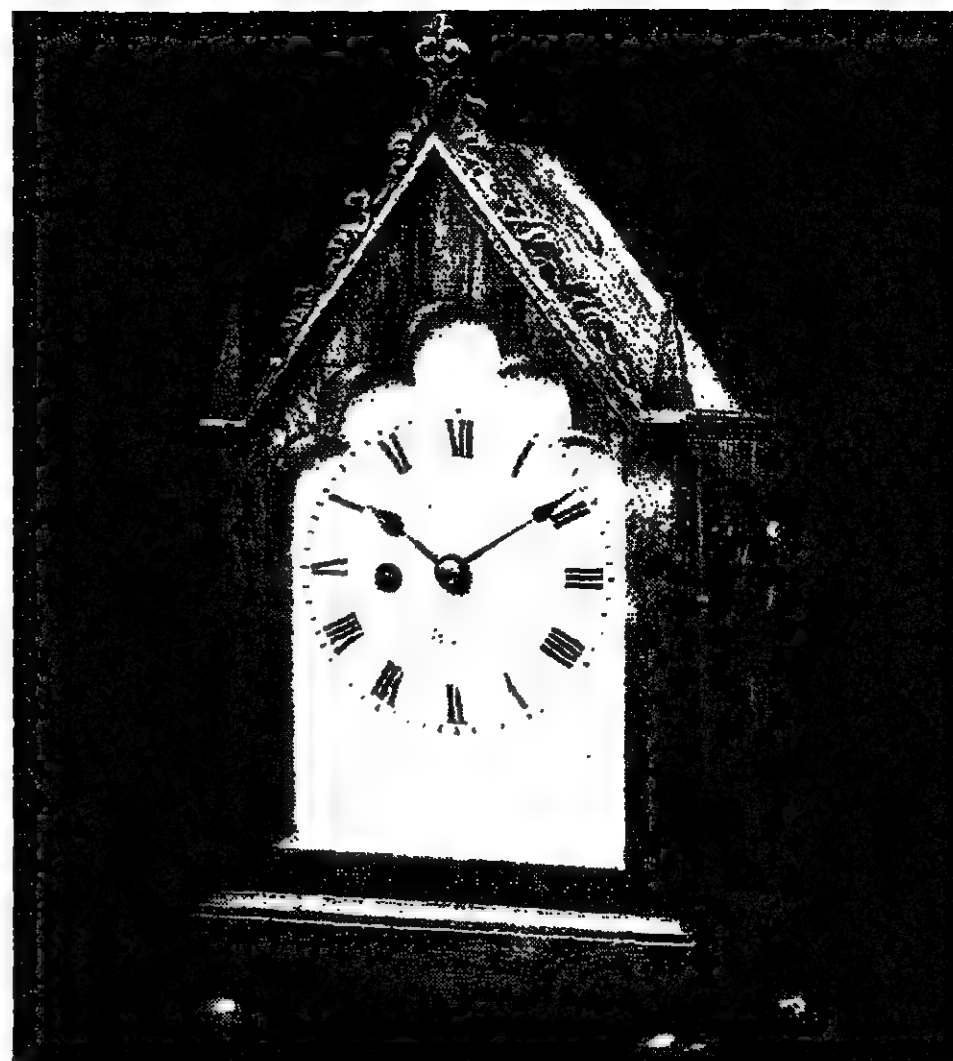
Clocks by Tompion, Quare and Knibb and the other British "greats" also are carried by Woodburn, near Tunbridge, Kent. These include a longcase clock by Gray and Vulliamy which makes an interesting comparison with one by the same maker at the Garrard exhibition. Meanwhile, Asprey, which deals also in continental clocks, is planning to show at the Grosvenor House antique fair a very grand ormolu-mounted empire period clock by Breguet which is very similar to one in the Queen's collection at Buckingham Palace.

Bracket and longcase clocks are the staple of the English market. Bracket clocks are comparatively simple to set up at home, so long as they are on a level surface, but longcase clocks present greater problems. Once bought, there are the difficulties of getting the case to stand level and, having set up the movement in the case, getting the pendulum to swing evenly in beat. There is also the question of deciding if the movement and the case really belong together and if they require any restorative work.

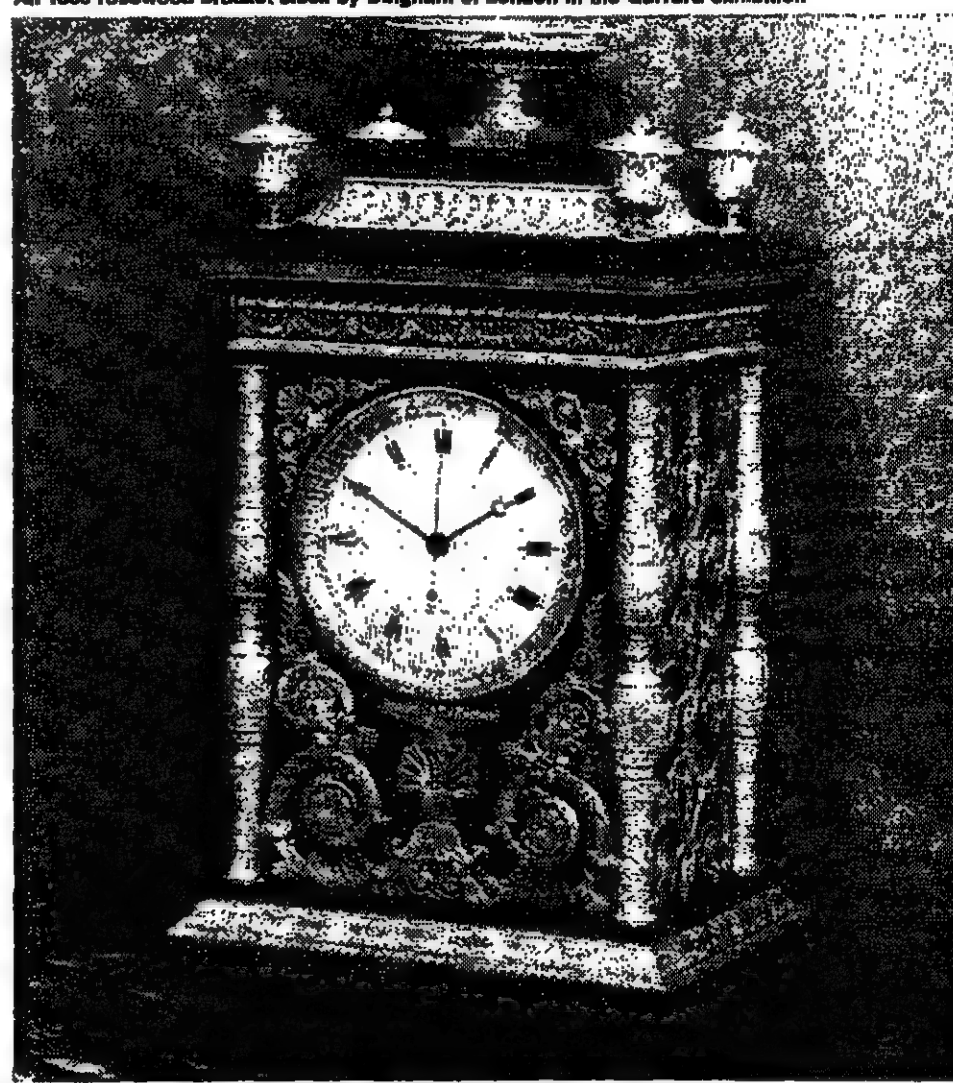
An auction usually will be the cheapest way of acquiring a longcase clock - providing you feel competent to assess what is on offer and cope with any work needed. If you are in any doubt, always ask the auctioneer for his opinion.

A dealer, on the other hand, will offer fully-restored clocks in working order and with a guarantee of authenticity, for he is bound by the Trades Description Act. A working relationship with a respectable dealer can pay dividends, and he should be prepared always to buy back his old stock if your circumstances change.

You can acquire a respectable, but not outstanding, longcase clock for up to \$2,000 at auction, although you should reckon on having to spend at least a quarter of that again to put it into good order. But this is the lower end of the market; you can easily spend into five figures both at auction and at a dealer. Indeed, the more expensive the type of clock, the closer the prices at the sale-room and the dealer's. This, potentially, makes a fully-restored and guaranteed clock from a dealer very good value.



An 1860 rosewood bracket clock by Bingham of London in the Garrard exhibition



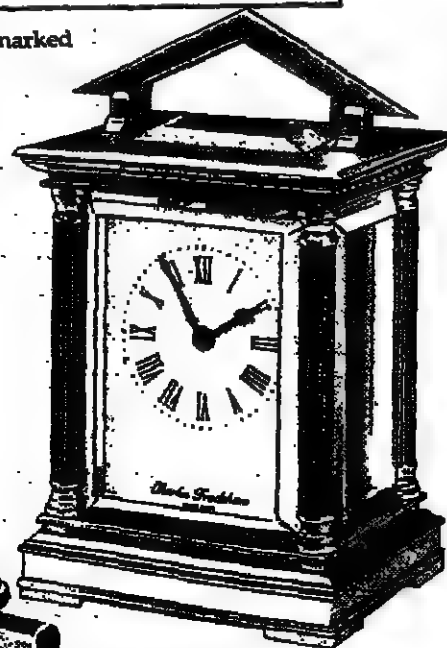
Breguet's ormolu-mounted clock, similar to one in the Queen's collection



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SUMMER FESTIVALS

Jazzing it up in unlikely places

Garry Booth chases the blues around the country



Line up at Montreux: Garry Booth, Steve Lukather and Mory Kané

From the Bude to the Isle of Bute, Summer brings out jazz festivals the length and breadth of the country. Some of the best are held in the most unlikely places. Grimsby, for example, has its South Bank Festival (July 3-5, Tel. 0472 242422) which is held in a "marquee complex" and this year features Phil Woods among scores of others. Crawley's Civic Centre will be the venue for the often avant-garde Outside-In Festival (September 5-6, Tel. 0293 553636). Featured projects here include The Dedication Orchestra and Mike Westbrook's Orchestra.

The major events are in the last throes of programming and are as follows: Glasgow International July 2-11 (041 552 3552). Carla Bley is composer in residence and the Festival organisers have commissioned a new work from her for an orchestra which features Steve Swallow. Other features of a tremendous programme are a reunited Miles Davis Quintet with Wallace Roney (depping for the great man), the Paul Motian Trio, Elvin Jones' Jazz Machine and the McCoy Tyner Big Band. Birmingham International July 3-12 (021 454 7020). The eighth annual Brum event,

headliners include the unpredictable soulfulness of Nina Simone and witty Mose Allison. The rest is a curious but engaging mix ranging from the Ted Heath to the Budapest Ragtime Orchestra. Edinburgh International August 7-15 (031 557 1842). A big one getting bigger, the Edinburgh International now has a full weekend of blues, special venues for "world music" and is preceded by the McEwan's 80+ Free Jazz Trail (August 3-7). The main events, which are held in the Usher Hall and Queen's Hall, include Pat Metheny (see also Brecon); Bob Wilber, Kenny Davern and Oliver Jones; Dick Hyman and Jay McShann in concert. A Blue Note showcase is sponsored by Technics.

Brecon August 14-16 (0874) 625557. Easily the most convivial of the UK's many jazz happenings, Jazz Aberhonddu is also one of the best programmed. This year's headliners include super guitarist Pat Metheny with drummer Roy Haynes and bassist Dave Holland. Trumpeter Clark Terry leads an all star small group and the hugely talented French pianist Michel Petrucci puts in an appearance. The town's hotels, bars and fields teem with music all weekend and

"stroller" passes are a good bet. Book early.

Bude 29 August - 5 September (0288) 356360/(0684) 566956. Most of the many minor jazz festivals happening in the UK are east-orientated, but Bude is the main event for lovers of Dixieland, New Orleans and good old fashioned stomping music. Wear a silly hat and bring a pewter tankard. Edinburgh TDK Round Midnight 31 Aug - 4 Sept (031) 557 4446. Between them, Glasgow and Edinburgh host an indecent amount of top class jazz. In the last week of the Edinburgh Festival, TDK sponsors the Bob Berg/Mike Stern Band, George Shearing with Carol Kidd, and Nana Vasconcelos.

JAZZ OVERSEAS JVC Jazz Festival New York 18-27 June (012) 787 2020. From Carnegie Hall to Waterloo Village, NJ, George Wein's NY fest is a nostalgic, star-studded affair. For his 75th birthday party (health permitting), Dizzy Gillespie will be joined by Wynton Marsalis, Freddie Hubbard and Jackie McLean; Lionel Hampton celebrates 65 years in jazz and the MJQ, 40 years in the business; Gerry Mulligan leads a tenet. Tributes for those no longer with us include Leonard Feath-

er's concert for Stan Getz, Arturo Sandoval remembering Clifford Brown and Illinois Jacquet saluting trumpeter Buck Clayton. TV star Bill Cosby hosts an evening dedicated to John Coltrane. 13th Festival Django Reinhardt June 25-28 1 64 24 64 82. Sarnois sur Seine, near Fontainebleau, was home to the great Manouche guitarist in his last years and the festival which commemorates his music was once attended only by gypsies. The gypsy guitarists still bring their caravans to the site, which is on the Ile du Berceau in the Seine, for a programme which is almost entirely French.

Montreux Jazz Festival July 3-18 21 963 8282/7474. Less a pure jazz festival these days and more a celebration of musical tastelessness, the lakeside casino hosts C & W (Emmylou Harris), pop (Simply Red), blues (Eric Clapton), soul (Gladys Knight), and rock (Ginger Starn's All-Star band). There is some jazz, however, and the best nights are July 15 (Herbie Hancock, Wayne Shorter & Co) and July 16 (The Brecker Brothers with Mike Stern and Dave Weckl plus, on the same night, Jimmy Smith and Jimmy McGriff). North Sea Jazz Festival, The

Hague July 10-12 70 354 29 55. "One thousand musicians playing continuously and simultaneously on 13 stages," is the frightening promise made by the North Sea Jazz organisers. The gargantuan programme includes: female vocalists Roberta Flack, Betty Carter, Dianne Reeves and Celia Cruz; the big bands of Lionel Hampton, Illinois Jacquet, McCoy Tyner and Cab Calloway; Gerry Mulligan's Tenet; An "organ explosion" which includes Jimmy Smith, Jimmy McGriff and the Lester Bowie Organ Ensemble; An Afro-Cuban, salsa and Brazilian section which includes Tito Puente; a fusion bill with Chick Corea, Grover Washington, Brecker Brothers and Spyro Gyra.

La Grande Parade du Jazz, Nice July 11-21 1 46 21 08 37. A rich mix of mainstream and blue sounds is available at the Nice festival this year with Lionel Hampton, Fats Domino, B.B. King and The Wynton Marsalis Septet topping the bill. An African flavour is added with the appearance of Youssou N'Dour, Mory Kante and Salif Keita (who appears with the Weather Report pianist, Joe Zawinul's Syndicate).

A big year for Pesaro and major coups in Seville

MUNICH

July 6 - 31. Festspielhaus der Bayerischen Staatsoper, Maximilianstrasse 11, D-8000 Munich 32, Germany. Tel: (89) 221 318. The opera festival offers new productions of *Carmen* (by Lina Wertmüller, with Agnes Baltsa, conducted by Giuseppe Sinopoli) and, in the small, delightful Cuvillies-Theater, a rare modern revival of Henze's *Prinz von Homburg* (conducted by Wolfgang Sawallisch, with François Le Roux, Helga Dernesch and Peter Schreier). Otherwise, it is the Munich formula as usual: end-of-season offerings performed by glossy named little or no rehearsal to often scrappy, lacklustre effect. Among them are *La forza del destino*, *Fidelio*, *Der Grimes*, *Dvořák's Dimitri*, *Der Rosenkavalier* and *Boris Godunov*, and Strauss's *Intermezzo* in the Cuvillies.

PESARO

July 31 - August 18. Rossini Opera Festival, Via Rossini 37, 61100 Pesaro, Italy. Tel 721-50161 Fax 721-50979. This is Pesaro's big year - the bicentenary of its most famous son, Rossini. It will be celebrated in four opera productions: *Il barbiere di Siviglia* with Cecilia Bartoli as Rosina, *Semiramide* conducted by Rossini musicologist Alberto Zedda, *La scala di seta* with a cast of young Rossini specialists and *Il viaggio a Reims* in the celebrated Abbado-Ronconi production. There will also be a rare staging of the *Comte de Orléans* conducted by Riccardo Chailly.

PRAGUE

May 12 - June 1. Prague Spring Festival, Heličova 18, 11800 Praha 1, Czechoslovakia. Tel 2-530293 Fax 2-536040. Despite being swamped with tourists, Prague at festival time is still an attractive prospect. Before the revolution, it was a showcase for Czech and east European culture. Now it gives local audiences a chance to hear western artists whose visits were strictly rationed under the Communists. Guests in the remaining two weeks of this year's festival include Maurizio Pollini, the Hilliard Ensemble, the Vienna Sym-

phony Orchestra and radio orchestras from Berlin and Copenhagen. But there is also some more exotic fare, such as Massenet's oratorio *La Vierge* at St Vitus Cathedral, the Prague Madrigalists singing sacred music by Zelenka, and the Suk Chamber Orchestra playing lesser-known Czech composers. UK Schirmer conducts the Czech Philharmonic in the world premiere of a new work by Jan Hanus, and Václav Neumann conducting Schnittke's Concerto Grosso No 5 at the final concert.

RAVENNA

June 22 - July 21. Ravenna Festival, Via Gordini 27, 48100 Ravenna, Italy. Tel 544-482494 Fax 544-36303. Riccardo Muti has hired the Vienna Philharmonic for the opening concert, and Georg Solti brings the Schleswig-Holstein Festival Orchestra to the end. In between are concerts conducted by Chailly, Preter and Berio, and two opera stagings: Donizetti's *Polifemo* (produced by Pizz, with a cast led by Tiziana Fabbrizzi and Dennis O'Neill) and Cimarosa's *Il matrimonio segreto*.

ST LOUIS

May 22 - June 21. Opera Theater of St Louis, with its picnic on the lawn, intimate theatre conditions, performances all in English and general air of relaxed bonhomie, is such a pleasure to attend that its rigorous performance standards (many of America's best singers find their feet here) and adventurous repertory are a special bonus. This year's new work is Judith Weir's *The Vanishing Bridegroom* (US premiere), alongside *Madame Butterfly*, *The Turk in Italy* and Britten's *Drum*.

SALZBURG

July 27 - August 30. Salzburg, PO Box 140. Tel 043 682 8045. This year the new festival director, Gerard Mortier, really begins to leave his mark on the festival schedule. A much sharper profile is given to the theatre offerings, with a new production of *Julius Caesar* by Peter Stein as particular coup, and the choice of operas reflects a diversity and bold-

ness of choice unknown during the Karajan years. New productions of Janáček's *House of the Dead* (staged by Klaus Michael Grüber, conducted by Abbado, with Nicolai Ghiaurov, Barry McCauley and Philip Langridge) and Messiaen's *St François d'Assise* (staged by Peter Sellars, conducted by Esa-Pekka Salonen, with José van Dam) stand out among the big-name revivals of *La clemenza di Tito*, *Figaro*, *Die Frau ohne Schatten* and *Salome*. Pierre Boulez leads a concert series with the Ensemble Intercontemporain; the Los Angeles Phil. St Petersburg Phil and CBSO (under Simon Rattle) are among the visiting orchestras; and recitals by Margaret Price, Dmitry Hvorostovsky, Felicity Lott and Fischer-Discau lead to the concert bounty.

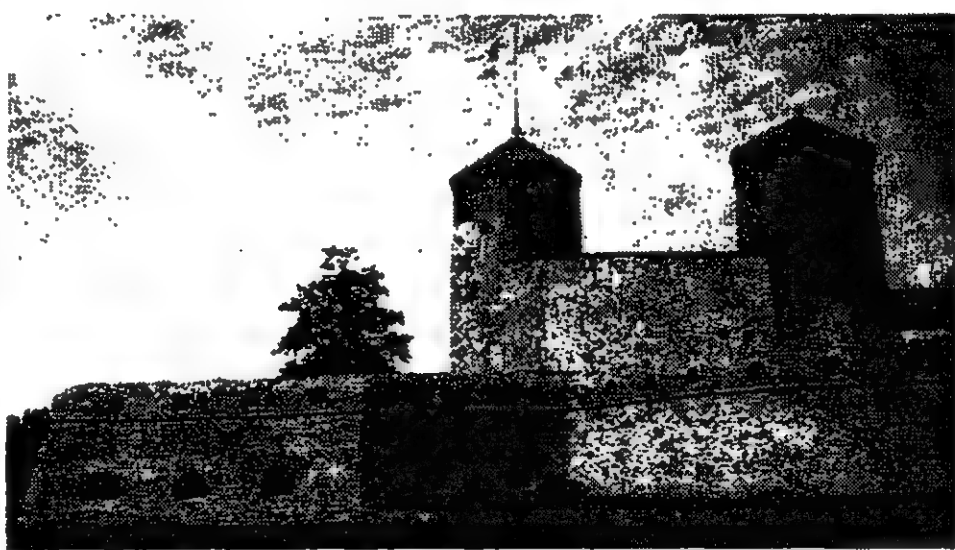
The theatre offering this year is small but classy: a new production of *Julius Caesar* by Peter Stein, the first German production of Stanislaw Wyspiński's *Wesele* (*The Wedding*), and Hugo von Hofmannsthal's *Jedermann* (*Everyman*), starring Helmut Lohner, performed outdoors at the Domplatz.

SANTA FE

July 3 - August 29. PO Box 2408 Santa Fe, New Mexico 87504. Tel 9101 505 982 3855. There are new productions of *Don Giovanni* and *The Beggar's Opera* this year together with revivals of *Fledermaus* and *Rosenkavalier*; nothing about that fare to send opera fanatics hot foot to deepest New Mexico. But the American premiere of Von Bose's *The Sorrows of Young Werther* provides novelty and genuine interest, and then there is the place itself - the most spectacular setting for an opera house, surely, anywhere in the world.

SAVONLINNA

July 1 - 31. Olavinkatu 35, SF-57130 Savonlinna, Tel: 067 514 700. The main reason for a visit to the Finnish lakeside opera festival continues to be the great stone castle courtyard in which it takes place: a magnificent venue for opera. The programme itself - new *Fidelio* production, *Aida* and *Magie Flute* revivals, touring American *Porgy and Bess* - lacks the panache of the 1970s and early '80s; it is hoped the



The great stone castle at Savonlinna: the courtyard is a magnificent venue for opera

recent appointment as festival director of Jorma Hynninen, a great Finnish singer long associated with the venture, will do something to revive the pioneering spirit.

SCHLESWIG-HOLSTEIN

June 28 - August 23. Schleswig-Holstein Music Festival, Postfach 3840, D-2300 Kiel 1, Germany. Tel 431-567080 Fax 431-569153. This young festival, masterminded by pianist and impresario Justus Frantz, is like a musical mosaic, spread across some of the most attractive towns in north Germany, in venues which give a more intimate festival atmosphere than most. The North German Radio Symphony Orchestra opens the festival in Lübeck (under Günter Wand), and gives the closing performances of Britten's *War Requiem* with John Eliot Gardiner. The festival orchestra will be conducted by Maelzel and Solti, and visiting ensembles include the CBSO with Rattle, the Gothenburg Symphony Orchestra with Sinfonia, the Stockholm Sinfonia and the Lithuanian and Norwegian Chamber Orchestras. Recitalists include Rudolf Buchbinder, the Labèque Sisters, Bruno Leonardo Gelber, Peter Schreier and Hermann Prey.

SEVILLE to October 12. EXPO '92, Seville. Tel (34 5) 448 9404. This is a truly international festival with the major coups for Seville of an Inman Bergman-directed *Peer Gynt* and Giorgio Strehler's production of Goldoni's *Le baruffe chiozzotte*. Seville's Central Theatre, specially built to play host to "new theatre tendencies" from across Europe, promises several innovative blockbusters: the premiere of Steven Berkoff's *Coma los Griegos*, Greek; Robert Wilson's *The Black Rider*, the heady Tom Waits/William Burroughs rock musical/cabaret that was the star of last year's Berlin festival, and

Jerome Deschamps's *Lapin Chausseur* from Paris. Spanish theatre is well represented in both native and foreign offerings: the Georgian Rustaveli Theatre visits with Calderon's *Life is a Dream* and the Royal National theatre with *Fuente Ovejuna*.

SPOLETO

June 24 to July 12. Associazione Festival Del Due Mondi, Via Cesare Beccaria 18, 06196 Roma, Italy. Tel 6-3310 288 Fax 6-3200 747. Spoleto offers a hot, hectic round-the-clock collage of events, spearheaded this year by two opera productions - a rather odd attempt to revive Visconti's 1959 staging of Donizetti's *Le due d'Albe* and a new staging of *Die Meistersinger von Nürnberg* directed by Spoleto's ageless festival supremo Gian Carlo Menotti. The dance programme - in the atmospheric settings of a Roman amphitheatre and a medieval church - embraces the ultra-traditional Bolshoy Ballet, the contemporary Maguy Marin Company from France and a troupe led by black American choreographer Bill T Jones.

The Italian-language drama programme, spread among Spoleto's cafe-style theatres, totals seven plays, including a world premiere by Carlo Repetti and Calderon's one-act *Boccaccio*.

THREE CHOIRS

August 22-29. Festival Office, Community House, College Green, Gloucester GL1 2LX. It is Gloucester's turn to stage what must be one of Britain's oldest festivals, and certainly the most hidebound: no prizes for predicting that the programmes will include Elgar, Vaughan Williams and Herbert Howells, with Lennox Berkeley and Gerald Finzi as strong probabilities too. But there is also Janáček's *Glagolitic Mass* and Duruflé's *Requiem* this year as well as some commissions: from Hugh Wood for brass ensemble, and Philip Cannon for the massed choirs of the three cathedrals.

VERONA

July 1 - August 30. Arena di Verona, Piazza Bra 28, 37100 Verona, Italy. Tel 45-500001 Fax 45-500001. Verona, the home of spectacular, open-air opera, has three Verdi operas and one Puccini this summer. The first cast for

Don Carlo includes Luis Lima, Aprile Millo and Renato Bruson. There are four Aidas to choose from, and Piero Cappuccilli sings the title role in *Nabucco*. Nell Sicoiff and Cecilia Gasdia look the most attractive pairing in *La bohème*.

VIENNA

May 9 - June 14. Vienna Festival, Lehargasse 11, A-1060 Vienna. Tel 1-586 1878 Fax 1-586 167049. Muriel, Berio, Giuliani, Maazel, Ashkenazy and Previn will conduct concerts in the Musikvereinsaal over the next four weeks. Brendel, Studer, to Kanawa and Prey are among the soloists. Opera is limited to the Brussels production of *Il barbiere di Siviglia* and Harry Kupfer's Komische Oper staging of *Carmen*. The theatre programme looks better.

Claus Peymann opened the festival with the world premiere of Peter Handke's *Die Stunde da wir nichts voneinander wissen* (*The time when we know nothing of each other*): there is a Brechtian *Macbeth* from Katharina Thalbach, Romeo Castellucci's controversial *Amleto* about a vanishing Hamlet, and Gunter Kramer's directs feminist Frederike Roth's new play. Major productions continuing this year's European love-affair with Spanish theatre include: the musical *Zarzuela*, Lorca's *Blood Wedding* in a Roman version, a Thomas Langhoff Calderon premiere, and the Flemish Need company's drama about Hemingway and Spain, *Invictus*, which can play in four different languages.

WARSAW

September 18 - 27. Rynek Starego Miasta 27, 00272 Warsaw. Tel/Fax 23-310807. Despite Poland's acute economic and political problems, the Warsaw Autumn Festival remains one of Europe's premier contemporary music events. Stockhausen will be present this year to supervise three evenings of his own music. Henze, Kagel, Birtwistle, Donatoni and Penderick are also represented. The Matrix Ensemble will perform Michael Finnissy's *Vaudouville*, and Elgar Howarth conducts a Ligeti orchestral concert.

WEXFORD

October 22 - November 8. Theatre Royal, High Street, Wexford, Ireland. Tel: 0863 53 23144. The world's most convivial and adventurous opera festival continues this year in classic form, with three well-contrasted choices from the favoured out-of-the-way repertory. *The Comedy of Errors* by Stephen Stortace, Mozart's associate, plays in repertory with Mascagni's *Piccolo Marius* and Marschner's historically important 19th century rarity, *Der Vampyr*. Also dotted into the schedule: concerts by the cream of Wexford's young singers.

ZURICH

May 29 - July 7. International June Festival, Praesidialabteilung der Stadt Zurich, Postfach, CH-8022 Zurich, Switzerland. Tel 1-221 2283 Fax 1-212 1494. The focus is on Brazil, a theme better suited to photographic exhibitions, literary readings and film than music. There is a sprinkling of Villa-Lobos and some little-known 20th century Brazilian composers, but otherwise the music programme goes its own way, with a new staging of *Copacabana* at the Opera House, some stately-cast repertory performances and a concert line-up including Anne-Sophie Mutter, Yuri Bashmet and Maurice André.

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CHANNEL4

10:00 Early Morning. 10:00 Sign On. 10:30 Film: *The Love Train*. 11:00 *The Love Train*. On Policy. C'est Tout. 12:00 Get Smart. 12:30 pm Sunco.

1.00 Flaz: Who No Volures Fly. African adventure about the establishment of the Mount Kilimanjaro Game Preserve Park. Starring Anthony Steele, Dinah Sheridan and Harold Warrender (1951).

3.00 Gustav the Incomparable.

3.05 Racing from Westminster and The Curragh. Including from Newmarket. The 3.10 Maloney and Riddle. Major Doncaster. 4.05 Coral Handicap Stakes. 4.15 Shayavil Fifties Stakes. and 4.45 Burlington Press Handicap. From The Curragh. At 3.55 The Irish 2.00 Guinness.

5.05 Brookside.

5.00 Right to Reply. Viewer Nick Wingfield talks to Paul Morley about his new series, *The Thing Is...* He believes Morley has nothing to say.

7.00 A Week in Politics. Cost Minister The Major MP Labour. Cost Minister spokesman Frank Dobson MP and former Secretary of State for Energy Cecil Parkinson discuss the Government's plans to privatisise the coal industry. Plus, a report from Strasbourg on how the world trade negotiations continue to be held up by the EC's inability to agree on farm price reforms.

8.00 Adventure: The Great American Bike Race. Following the longest and hardest cycle race in the world, from Los Angeles to Texas. This coast-to-coast crossing of the USA takes cyclists through the Western deserts, over the Rockies and into Texas and across the southern states, averaging for only 90 minutes a day, the winner is simply the cyclist who rides fastest to the finish line.

9.00 The Nightmare Years. It is 1936 and William Shirer is horrified to find his friends and family intent to burn their books. Sam Waterston, Marthe Keller and Frances Barber star.

10.50 Centrepoint. Concluding the two-part thriller, Roland is reunited with his partner and continues on his quest to see justice done. Starring Jonathan Firth and Bob Peck.

12.30 The Twilight Zone.

1.30 Close.

GARY KASPAROV fought off his young rivals last month at Dortmund in the strongest

Today's hand is from rubber bridge:

	N	
	♠ A Q J 9 4	
	♥ 7 6 5 3	
	♦ 6	
	♣ 8 8 2	
W		E
♠ 10 7 6 2		♠ K 5
♥ 8 8 4 2		♥ J 10
♦ 9 7 3		♦ J 10 8 5 2
♣ 10 4		♣ J 7 6 3
	S	
	♠ 8 3	
	♥ A K Q	
	♦ A K Q 4	
	♣ A K Q 5	

With neither side vulnerable South dealt herself an attractive 27 points, and opened the bidding with two clubs. North replied with two spades — most experts today would give this positive reply — and South's six no trumps concluded the auction.

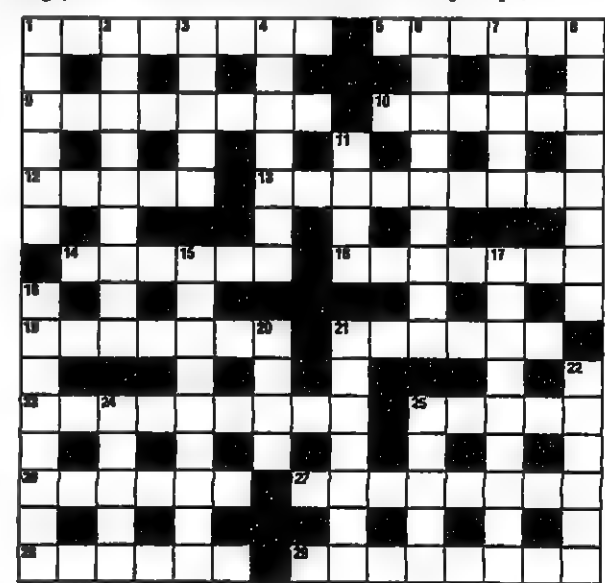
Sitting West, I decided to lead the nine of diamonds, on which East dropped the five, and South won with the ace. At trick two declarer played the three of spades finessed dummy's knave, and my partner — bless her — produced the five. This duck requires

nerve, but it's surely the right move. The declarer now cashed three heart honours, and led her eight of spades for another finesse. East now won with the king, and the contract fell by two tricks.

Brilliant defence by my partner, but it could have been overcome by good technique on South's part. After winning trick two, she should run the three heart honours, noting that East completes a peter in diamonds. She now cashes king and queen of diamonds, and throws East in with the last diamond. This is to rectify the count. Dummy throws two spades and a club, and West lets go the club four. When East returns a club, declarer cashes ace, king, and queen, forcing West to part with two spades to preserve the nine of hearts. Dummy throws the now useless seven of hearts. At this point South knows that West holds heart nine and a spade, and that East holds club knave and one spade. She leads a spade to dummy's ace, and the slam is delivered.

E P C Cotter

No. 7,849 Set by DINMUTZ
A prize of a classic Pelikan Souverain 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday May 27, marked Crossword 7,849 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 30.



Name _____

Address _____

ACROSS

1 Fall in canyon by mistake (6)
5 Play to be published? (8)
9 Turn baked and made ready for a tummy (4-4)
10 Numbers left on board (5)
12 Depaict for chicle? (5)
13 Return from cycle? (5,4)

21 Italian painter to string men up in play? (7)
23 Eager for note with an abee-lies sound (6)
24 Levels in Right? (6)
25 Flexible section of monolith? Extraordinary (5)
Solution to Puzzle No. 7, 4th

SUNDAY

BBC RADIO 4
6.00 News Briefing.
6.15 Prospects.
6.30 Interview Has Broken.
7.00 News.
7.10 Sunday Papers.
7.16 The Living World.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 The Weather Good Cause.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.55 Morning Service.
10.05 The Archers.
10.15 News Stand.
10.30 First of the Week.
12.15 Desert Island Discs.
1.00 The World This Week.
1.15 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.45 Topsoil Lives.
4.00 Analysis.
4.47 Treasure Islands.
5.00 Down Your Way.
5.40 Aesthet's Front.
6.00 Shipping Forecast.
6.00 News.
6.15 The Village.
6.30 Woodlandscapes.
6.45 The Guppies.
7.30 Bookshelf.
8.00 Concerto.
8.50 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.10 Canterbury Tales.
11.00 Out of Order.
11.30 Seeds of Faith.

12.00 News.
12.30 Shipping.

BBC RADIO 5
6.00 News.
7.00 The World.
7.30 Sunday.
8.00 Johnny.
10.30 Education.
11.00 In Home.
11.30 Ring.
12.00 Open.
1.00 News.
1.15 The Q.
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10.30 Folk in Circles. 10.45 Sports Roundup.

11.00 News Summary: Science in Action. 11.30 Londres Mid. 11.45 Mitagsmagazin. 12.00 Lunch. 12.30 To The Week: Book Wedding. 2.00 Newshour. 3.00 News Report. 3.55 To The Week: Book Wedding. 2.08 Anything Goes. 4.30 News in German; German Features. 5.00 News; Travel news. 5.15 BBC English. 6.30 Londres Solo. 6.45 Club 945. 7.00 News. 7.15 News in German. 6.45 German Features.

7.30 News in German. 8.00 Classic Recordings. 8.30 Europe Tonight. 9.00 News; Folk in Circles. 9.25 Words of Faith. 9.50 The London News. 10.00 Newshour. 11.00 News; About Britain; Short Story; Fire Safety Week. 11.15 Letter From America. 11.45 Sports Roundup. 12.00 News; Business Review.

12.15 Music With Matthew. 1.02 The London News. 1.30 Praise Of God. 2.00 News Summary. 2.01 What's News? 2.15 About Faces. 2.30 News Summary. 2.45 Music Making in Ireland. 3.00 Newsweek.

3.05 Composer Of The Month: Joseph Haydn. 4.00 News; Words Of Faith. 4.15 Sports Roundup. 4.30 The London News. 4.55 News and Press Review in German.

16 Name of turning out who is honoured by City (7)

17 To walk over field event, seriously at first (7)

18 This sound quality bears the stamp of the French (8)

19 It is crazy, Pablo does ballroom-dance (4,5)

20 King goes round hospital to find companion (5)

21 C's character in cinema production? (8)

22 Disc programs, possibly? (8)

23 End of game at Twickenham, naturally (2-4)

24 Ship's rope from Arden, say? Yes! (4)

DOWN

1 Way to cook eggs - divine wrapping in cabbage (6)

2 City strip for a washerwoman (5)

3 Here in Cambria, there is no side-walk (4)

4 Chippy creature in bar rumour? (7)

5 Fattie phrase, played with a lot of pepper? (4-6)

6 Stunder, like headless monster (5)

7 Sentimental about prose and a marmoset, getting it done? (4-6)

8 Take a man on board in a fit of pique? (4)

9 Full support for a calligrapher's style (4)

10 First Day parade (5,4)

11 Endorsement notice alternative (8)

12 Low bar carriers' fees (4)

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Puzzle No.7,888**

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Mrs M. McNeill, Birky, Yorkshire; J. D. Burns, Harrogate, Yorkshire; Mrs D. Caversham, Vienna, Austria; M. Davison, Northwood, Middlesex; Mrs W. Ratcliff, Edinburgh; R.J. Whitley, Buntingford, Herts.



LAST MONDAY the many millions who watched ITN's news bulletin were unwittingly and at a stroke turned into voyeurs. The television company had - at who knows what price? - bought films from some international peeping-tom, showing the Princess of Wales stripping off at the side of the swimming-pool of the British embassy in Cairo. The peeping-tom effect was enhanced by the fact that the film was framed by bushes in the shape of a keyhole - the cover for ITN's paparazzi. Inadequate cover, as it happened, because the Princess eventually noticed the intrusive lens, and rushed away from the pool, understandably very upset. Naturally, ITN did not have the courage to show this part of the film - it is important to their

The princess and the peeping toms

Dominic Lawson finds the voyeurism of the British media offensive

conceit that viewers should not realise they are party to a deeply resented intrusion. I don't want to sound too much like Sir Rufus Tufton, *Private Eye's* imaginary Tory backwoodsman, but I cannot believe that in the golden days of Sir Alastair Burnet, ITN would ever have dreamt of such an illicit piece of snooping. Illicit, but not technically illegal. In Britain we have no privacy laws, except, anomalously, in the field of computerised information. The French do have such laws, which may explain - if good food doesn't - the decisions of characters such as the Duke of Windsor and Sir Oswald Mosley to settle there.

Perhaps it also explains why France has no newspaper quite like the *Sun*, which excelled itself in hypocrisy on the morning following ITN's drooling poolside voyeurism. "Diana's fury at TV peak show" was the front-page headline. And, of course, inside, the newspaper published stills of the film, which, as they themselves report, so distressed the Princess. Another paper reported that, while Fleet Street's finest had turned a blind eye, freelance paparazzi had been led up to a long-distance vantage-point by Egyptian security men - in exchange for a peek through the zoom lens at the undressing

Princess. ITN had clearly decided that their viewers were on the same mental level, as these venal Egyptian "security" men, and perhaps they are right, though I doubt it. It has long become clear that the popular press, and perhaps now the television companies, are obsessed with the Princess of Wales, subjecting her to far more scrutiny, intrusion and comment than any other members of the royal family, including the monarch. And even newspapers such as *The Times*, fired by the arrival of overnight colour-printing, do not like a week to pass by without a picture of

the Princess of Wales. The main reason, I suspect, is no more complicated than the fact that the lady is astoundingly beautiful and photogenic. But it cannot be right to reduce her to the level of a kind of royal Brigitte Nielsen. Unlike the starlet, the Princess does not wish her partly clothed body to be the fantasy of men from Egypt to Edgeworth, and, unlike her husband and many of her in-laws, she does not go on television programmes and chat shows to promote some new book or collection of etchings. The spokesman for ITN, Glyn Mathias, said last week, when asked to justify the use of his company's peeping-tom journalism:

"There was a legitimate news interest." Mathias was, I am sure, referring to the forthcoming book on the Princess of Wales by a Mr Andrew Morton, about which every British newspaper, with the exception of the *FT* and the similarly high-minded *Independent*, has been agog for weeks. According to advance reports, the book's most astounding claim is that, some years ago, the Princess of Wales attempted suicide. If that is true, one would not have to be a qualified psychiatrist to hazard that such despair could have been the result of the constant, intense and heartless intrusion of the press and television into the Princess's private life. But somehow I do not expect the journalistic "royal rat pack" to press this point.

Dominic Lawson is editor of *The Spectator*.

Ready to go federal

Michael Thompson-Noel



I HAD A week's holiday last week, so I did what I often do when I need to escape London's clammy clasp. I patted the Rover reassuringly, stowed my flannel and tennis racket in the boot, and headed for Calais.

I was bent on using my holiday for one of the most arid forms of travel possible: mindless travel, travel without maps or mission and almost without purpose, except to roam through countries that are more attractive, more prosperous, more cultured, better managed, better funded and in most ways better suited to the next millennium than stuffy little Britain.

First I went to Epernay. Then I turned left: Clermont, Baden-Baden, Augsburg, Linz, Krems (in Austria, not far from the Czech border, as far east as I got), Bad Ischl, Salzburg, Frankfurt, Cologne, Antwerp, Brugge, Calais.

Eight days and seven nights, 2,261 miles. Travelling mindlessly but with admiration and envy for so much of what I saw as I and the Rover traversed the heart of the apple strudel: the core of western Europe.

According to a calculation I made while eating lunch in a small town in Germany, it could be argued that 99 per cent of the world's worth, the planet's purpose, is concentrated in western Europe. South America? Who needs it. North America? How callow. Africa? A lost cause. Asia? Trying

HAWKS & HANDSAWS

hard, admittedly. Australasia? Addicted to sex and whisky. If I was a Euro-enthusiast before I embarked on this journey, I have become a Euro-fundist. How now abominable the Euro-section. I believe they are rabid. If you ask me, Europe should move to outright federalism as swiftly as possible.

I want one army, one navy, one air-force, one parliament, one queen, one president, one chief executive, one flag (very small), one currency, one set of taxes, one language, one summer sport and one winter sport, one main way of cooking *steakfrites* & c., one proverbial, one way of spelling Cologne, one BBC (but with dog-meet-and-gameshow channels permitted regionally), one Archbishop of Brugge, a permanent home for the Olympics (not in Greece), one set of motorway laws, one price of petrol, one opera (which is probably one too many), one school curriculum and one railway gauge.

I am serious about this, because it struck me on my journey that this weary, wracked planet is on the verge of a great breakthrough. If western Europe goes federal, there is at least a sporting chance that the rest of the world will follow. It will want to join Europe. We shall have a world government. Also a world army, navy, air-force, queen, currency, flag, opera, etc. On my journey, I made a small discovery that helped convince me that Europe is ready to go federal. The French are not as bad as we think. In a back street in Epernay, I had a flat tyre. I know nothing about such things, but was immediately approached by two Frenchmen. Before I could say *Doloris*, they had changed the wheel for me.

They offered me coffee. They looked shocked when I fiddled with money. Their generosity and helpfulness were instantaneous and unqualified. Like you, I have long been speechless at the French talent for getting up the nose. But they are visibly mending their ways.

The borders are open anyway. You can drive from Calais to Krems without anyone looking at your passport. In eight days and 2,261 miles, the only person who examined my passport was a government snoop at Dover, when I recrossed the Channel.

We had a sharp exchange of words. "You look surprised to be asked to show your passport," said this moron.

"Surprised" doesn't quite encapsulate it, I said. "Look at it my way. I am a European. I have just crossed from France. They didn't ask to see my passport. Neither did the Germans, the Belgians, nor the Austrians. I have neither left nor entered Europe. I stand for one world, one currency, one queen, one language and a permanent home for the Olympics (not Greece). I am now entering a fringe region - a place of taintness and smooty accents, of rudeness and suspicion."

The officer's retort was couched in dialect. "On yer bike," he snarled.

Lucy Kellaway interviews Penelope Leach

The guru who gives babies a human voice

LAST Thursday was a big day for Penelope Leach. The woman who has encouraged millions of parents around the world to treat their babies and toddlers as free-thinking young human beings had just scored a triumph. The Scottish Law Commission recommended that the slipper, the belt and the ruler should be outlawed as instruments of punishment for children - a ban for which Leach has been campaigning for years. "I'm being rung for comments all the time," she says, inhaling deeply on a cigarette and running downstairs to the pine kitchen in her north London house for another cup of coffee.

Throughout our conversation the phone keeps ringing, and not just about smacking. Leach is being invited to write articles and asked for views on child modelling, day care centres and other assorted themes. Indeed, she has become a rent-a-quote expert. But she sticks to her liberal principles. She is AGAINST smacking, regimentation, bottle feeding and communal child care. She is FOR demand feeding, democracy within the family, and attending to a baby as soon as it cries.

What makes her feel so strongly about it all? Did she herself have a desperately strict upbringing that she is rebelling against?

"I'm afraid you are on a bad wicket there," she says. "We were a very close, extended family. We were part of an arty tradition. My mother was a writer, my stepfather was a painter and sculptor. We were never smacked - my mother believed it was important that children should be allowed to argue, reason their case, be heard."

It was revolutionary stuff in those days. Dr Spock, Leach's forerunner and inspiration, was still unknown in England. *Baby and Child Care*, which dared to question the strict rules by which post-war children were brought up, was not even published in Britain until 1958. Four decades later, it is almost impossible to find an expert who is not in broad agreement with some variant of the liberal ideas Spock introduced. And Leach, with her smash-hit book *Baby and Child* - which has sold 2.5m copies in the US alone and has been translated into 28 languages - is one of the loudest voices in the new orthodoxy.

But isn't it odd that there seems to be a consensus on such an unscientific thicket as "bringing up children"? Are the child-care experts so slavishly fashion-conscious that they follow the liberal school for now, ready to change everything should the mood swing back to discipline and routine? Or is it that the liberals are, somehow, right?

Leach laughs and, after a bit of

thought, plumps for the latter explanation. "People have just recognised something that has always been perfectly obvious. Children are people and it is more sensible to treat them as people. It is better for everyone if you do."

Her trademark is to write explicitly from the baby's point of view which, she argues, is the same as the parent's. Surely, though, this is nonsense. A two-year-old's interest is to throw toys all round the floor, but the exhausted parent's is to get them cleared up as soon as possible and get the child off to bed.

"Of course, the interests are not the same in that sense," Leach replies. "But what I passionately believe to be true is that getting it right for the child is to get it right for the adult. You, as a parent, need the room to be cleared up but you can't - you physically can't - force your child to pick up the toys. If you want them up, well, look at it from her point of view. By making it part of a game, or part of a race, you can get it done and everyone will be happy."

'I passionately believe that getting it right for the child is to get it right for the adult'

I look unconvinced. Might it not be quicker and easier just to exert your will and put up with the screams?

"The issue here is power," she says. "Parents who say: 'What matters is my power, my authority over the child' - she looks disapproving and takes another long puff on her cigarette - "those parents do not want my book."

But even if you accept that parents should not be on a power kick - which scarcely seems controversial - surely it is still unrealistic to expect weary mothers and fathers to come up with a fun game at the end of the day. Leach looks out onto her sunny garden backing onto Hampstead Heath, quite unruffled.

Confident in her own ideas, she treats dissent with tolerance, almost with sympathy. "If people disagree with something I have written, then that at least makes them think and helps them work it out in their own minds."

"When people complain that I have too idealistic a view of parents and children, I say you have to aim high. We teach people to drive well, and to observe speed limits, but that doesn't mean we always obey them. I am not saying we can all do

it right, but you have to aim high."

I am still worried. I wonder if aiming high is responsible for all those loving parents who bring their children to dinner parties and proceed to keep them up throughout the meal, and those anarchic households where toddlers rule the roost. Hasn't there been too much of democratic tolerance and seeing the child's point of view?

Leach takes no responsibility for such behaviour. "Children need adults, and being an adult is about setting limits. People are extraordinarily bad at setting limits."

But how do you police the limits once you have set them - especially if, going by her book, you are not allowed to punish and must avoid conflict?

"If you've set good limits, you don't have to police them," she insists. "A good limit is one the child can't break."

I wonder if someone with these views has children of her own, or has been blessed with such good ones that she can never argue. This is another poor wicket. Leach shrugs. "My daughter, in particular, was a difficult toddler. Very difficult indeed. She was highly strung, very bright, strong-willed, and understood an awful lot more than she could do."

Didn't this experience of a difficult child make her question the views she had formed, both as an academic and then while carrying out practical research with thousands of parents?

"You don't believe things if the data contradicts them - at least, not if you are any good. I had written about the validity of avoiding confrontation; and when I got myself into a confrontation situation with my daughter, it simply proved to me that this disastrous scene could have been averted if I had seen it coming and taken another route."

But what about ordinary mums? Does their experience also tally so well with the Leach doctrine? Or are they leaving children to cry behind closed doors knowing they will fall asleep eventually?

Leach, who speaks and writes with evangelical fervour, sighs. "I come across too many people who do not realise that very young children have feelings, and that they matter. People still say of a three-year-old, in complete amazement: 'She knows what she thinks!' On a good day, they think it is quite sweet if a toddler has its own point of view; otherwise, they think it extremely disrespectful."

Leach feels, however, that most people have accepted the theory of modern child-care - even if they do not actually put it into practice. "Take breast feeding," she says. "All the evidence we have is that breast feeding is better for the



Lynne van der Meer

child. Yet, fewer and fewer mothers breast feed in hospital and an infinitesimal number go on until the baby is six weeks old. This raises a difficult dilemma. If you, as an expert, believe differently from common practice, then by stating your views you risk making a lot of people very cross. If people don't want to breast feed, that is fine. But they must accept that books should not blur the decision just to make them

feel better. Parents do not want to be lied to. Such intransigence has got Leach into trouble. Her opposition to communal care for very young children has gone down badly with some working mothers. "The media tends to leap to the conclusion that I am against women working, but that is not true," she adds, however. "We need to recognise that work is not everything. Our caring roles are

just as important as our working ones. We must de-genderise home-based roles. If women take equal responsibility in the market place, men must do the same at home."

It is easy to argue that this predictable stuff is distant from present-day realities. But Leach, who still clings to a belief in flower power and peace, might say justly that this is the reason it needs to be said - again and again and again.

Despatches/Rio de Janeiro

Tourists forsake the beaches and choose to go slumming instead

are what tourists really want to see. A survey by a group of travel agents found that 80 per cent of tourists in Rio listed *favelas* among the places they would most like to visit.

The first group to try the experience sets off from Copacabana amid great excitement, still slightly hungry from the previous night's samba show. They begin to look more hungry and less convinced about the wisdom of the idea as the tour bus climbs a narrow, cobbled street along which the buildings become progressively more decrepit.

Eventually, it halts at the foot of a stairway leading to Morro da Providencia, overlooking the centre of the city. Literally "Providence Hill", this is Rio's oldest *favela* and

has its origins as a military watch-post built in 1890.

Tourists of all ages from Australia, Canada, Argentina and the US pile out of the bus trying to look cool but speaking just a shade too loudly, and glancing around furtively for weapons and kidnappers. An Australian housewife endeavours to hide her paller under her tan as a local reporter tells her that Rio averages 25 murders a day and that this *favela* is one of the most violent.

"This is the reality of Rio," yells the irrepressible Leny as she leads her flock through rubbish piles, stepping over sewage pipes and coconuts and trying not to fall over the women washing clothes or men skinning fish on the path. Cameras click as future Peles per-

form impossible feats with footballs. Young boys beat drums while girls in skin-tight dresses show off their prowess at samba and that sexy hip-sway with which Brazilian women apparently are born. On the steps, a group of unshaven men old beyond their years drink neat *cachaça*, a pure sugar cane spirit, and blink bloodshot eyes at the new arrivals.

Morro da Providencia is in good condition as *favelas* go, but its foreign visitors cannot help wringing their noses as they enter the shack-like houses. Most of the 50,000 inhabitants are marginals from Brazil's poverty-stricken north-east, forced by hunger to migrate but finding little better in the big city.

Many of the tourists are involved in social work and are keen to see the conditions. Denis, a huge black

American over from New York for carnival, draws: "This is nothing, man - I work in Hell's Kitchen every day." Philosophising, he muses: "Poverty is poverty, man, whether in New York or Rio."

Manoel, president of the residents' association, has done a sound job in convincing his members that the tour is a good thing. The idea came to him on Copacabana beach while talking to a group of Argentinian visitors who told him of their desire to see the "other side" of Rio. After agreeing security with police and drug traffickers, he contacted travel agents and Favela Tours was born.

Tourists pay \$25 (£14.10) each for the privilege and Manoel plans two tours a day. Part of the profits will go to the association to build a

creche and supply food for the needy, together with other facilities that the government fails to provide. "All the government gives us is police," notes Manoel.

The tour is shepherded by local teenagers wearing white T-shirts stamped "Favela Tours." Solicitous in the extreme, they are there to hold Doreen's elbow as she just avoids falling into one of many holes, and to prevent Brian stepping too close to the edge while admiring the view of the city.

The idea is that locals, most of whom are unemployed, will abandon crime and instead make money selling Favela Souvenirs such as key rings and T-shirts emblazoned with the inevitable slogan: "I visited Rio's oldest slum."

As Leny hands out T-shirts in return for a "donation," she coos to her charges: "Did you enjoy it?" "Yes," comes the resounding chorus, many scarcely masking their relief at not having been shot or kidnapped. Gilles Moreau, a chartered accountant from Canada, says with a grin: "My holiday snaps will not be what people were expecting at all."

Christina Lamb

"WE'RE GOING to see something very special today," enthuses Leny, the buxom tour guide. "We're going to see a slum." A ripple of guilty excitement runs through the tour bus, like a Women's Institute group watching the curtain go up on a naughty movie.

Forget the golden beaches, the beautiful women, the Sugarloaf mountain. Rio's latest tourist attraction is its *favelas*, the teeming shanty towns clinging to the hills.

A slum may not seem the most obvious place of interest for anyone visiting Latin America's top resort. Rio's *favelas* are renowned for violence rather than scenic beauty. They are mostly controlled by drug traffickers and are hideouts for kidnap gangs and death squads. They hit the news with the periodic discoveries of clandestine graveyards, or during raids when the Brazilian police burst in firing, or when mudslides caused by heavy rains result in the collapse of the poorly-built houses, killing hundreds.

But they are home to a third of Rio's 9.6m population, and are impossible to ignore in their prime positions on the hills, overlooking the city's five star hotels and luxury apartments. And, apparently, they

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Residential Property

SECTION III

A SPECIAL SUPPLEMENT

It's a long haul back to normality

In spite of the Conservative election victory, the UK housing market is still under a cloud, reports Alex Catalano

ACCORDING TO anecdotal evidence, estate agents are seeing more potential house-buyers crossing their threshold. "After the election there was a little flurry, but Easter, which is historically a good period, was dead," says Nigel Conrad, marketing director of Nationwide Anglia's estate agency chain. Nevertheless, the mood in Nationwide's 400-odd branches is more positive. "One of our managers reported that sightseers are back."

In addition the Building Societies' Association reports that net new commitments in March were 28 per cent up on February. But this only brings the figure back to the level in the late summer of 1991. However, most forecasters and estate agents predict that it will be a long haul out of the current trough. No one now expects to see any growth in real terms in house prices over 1992.

Lloyds Bank, which has one of the more optimistic outlooks, thinks there will be a 3.5 per cent nominal increase over the year, with inflation at 4 per cent; this translates into a real fall. Others, such as the Woolwich Building Society and Dr John Wrigglesworth of stockbrokers UBS Phillips & Drew, forecast that prices will remain static at best or fall further, by up to 2 per cent in nominal terms.

Even estate agents, often accused of talking the market up, are braced for a slow recovery. "It's going to take a long time for house prices to get back to where they were two years ago," says Paul Taylor, of Savills, who deals in the higher-priced London properties. "Nobody is better off people's ability to pay is no more than it was before the election."

But affordability is not the problem. Over the last two years, the combination of falling house prices, lower interest rates and rising incomes has brought the cost of buying a house back within sight of the all-important first time buyer.

There are two measures of affordability: house prices as a proportion of earnings, and mortgage payments as a proportion of earnings.

Long-term, the average house price has been 3.5 times average earnings; during booms the ratio accelerates up past 4 while in the troughs it has fallen back to around 3. Nationwide's calculations put it at 3.11, the lowest since 1971.

At Woolwich Building Society, Martin Ellis has concentrated on measuring the costs for first-time buyers. His figures show that mortgage payments as a proportion of earnings shot up to an unprecedented 31.8 per cent in 1988 as interest rates were raised. Since then the proportion has fallen to equal the longer-term average of 21 per cent in the last quarter of 1991; further mortgage rate cuts and house price falls during early 1992 will have reduced it further.

Moreover, the position for first-time buyers is particularly favourable. At the present £42,399 the average price is 13 per cent lower than the 1989 peak, while special discounts offered by mortgage lenders have taken their initial interest rate below 10 per cent.

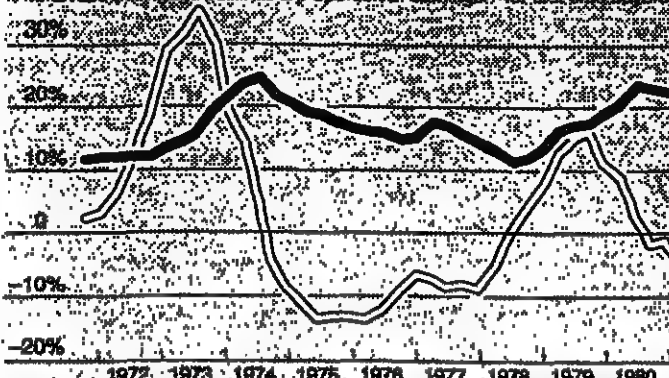
All these numbers suggest that a recovery should already be under way. Normally, at this point in the housing cycle, activity - though not prices - would be picking up. But buyers have stubbornly refused to re-enter the market. In 1991, there were only 1.2m transactions, 40 per cent off the 1989 peak and 6 per cent down on 1990. The first quarter of 1992 was even worse for volume and according to Nationwide's index, average house prices declined a further 2.7 per cent, making a total fall of 16 per cent since the peak in 1989.

Part of the 1989 slump is being blamed on pre-election jitters. The Labour party's proposals for a higher tax rate on incomes over £40,000 and higher National Insurance contributions for those earning more than £22,000 inhibited prospective purchasers, as did the possibility that a Labour victory might imply higher interest rates.

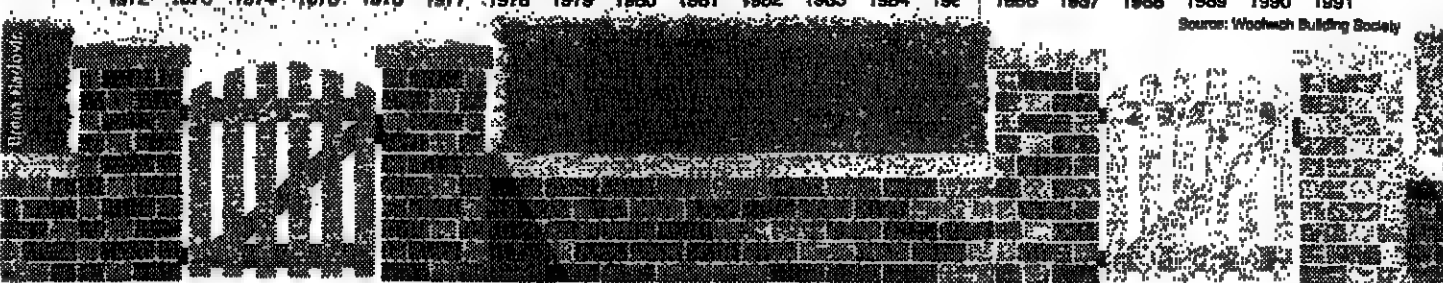
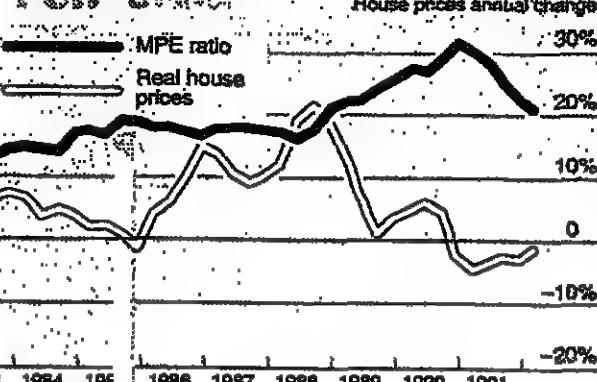
"By the end of March we were seeing a lot of cancellations of offers - as high as 40 per cent in some offices," notes Nigel Conrad. In other cases, buyers were hedging their bets. "People who were ready

Affordability and real house prices

MFE ratio (Mortgage First Earnings) as a proportion of earnings, for first-time buyers



FOR SALE



to exchange contracts were postponing it until after the election and in one or two cases making exchange conditional on a Conservative victory," says Yolanda Barnes, of Savills' research department.

Now that the election is over, buyers appear to be waiting to be convinced that the economy is reviving. "The only ingredient missing in the market place is confidence; the difficulty is trying to predict when it will return," says John May, joint chief executive of Hamro Countrywide.

"Confidence" is shorthand for a mixture of economic facts and feelings that will give potential buyers the courage to complete on a property. The first of these concerns unemployment, or the fear of it. As the jobless total has risen, people's ability - and willingness - to take on a new or larger mortgage has evaporated. However, the trend here is positive; although the absolute

number of jobless is still rising, the rate of the unemployment increase is slowing.

Second, because of recession, those still in employment are lowering their sights. Although earnings are still rising in real terms, expectations of future growth are softening. At the higher end of the income scale, there are additional considerations. According to Yolanda Barnes, losses incurred by Lloyd's of London members have dealt a big blow to the more expensive end of the housing market.

Third, the recent falls in house prices have shaken people's faith in bricks and mortar as an investment. Unlike most other goods, demand for owner-occupied housing tends to drop as prices fall and increase when they rise; economists describe this behaviour as "perverse." During the latest slump, this effect has been amplified because, unlike in previous downturns, house prices

have dropped in nominal as well as real terms. Until they stabilise, potential buyers - especially first-time ones - will hold back.

However, according to estate agents, many vendors are still having difficulties in accepting lower prices. "The problem is, there is a wedge of sellers where the prices are lower than the equity in the house - they cannot be realistic. Then there are those who want to move but don't have to. They don't need to be realistic," says Conrad.

A plea for realism cuts across the price range. At Savills, Justin Marking finds himself trying to persuade sellers of up-market country houses to knock 10 to 20 per cent off their price expectations. "The key in this market is to set a competitive guide price. If it is too high it puts people off even viewing the premises," he says. Savills has just produced a list of guide prices for three types of country residences.

Then, too, there are the figures for mortgage arrears and repossession. Their effect is harder to gauge. Although at record levels, repossessions represent only some 1 per cent of mortgages outstanding. However, repossessed houses do occupy an important position in the market, at the bottom of the housing chain. Until they are taken up, prices will languish.

Moreover, arrears combined with price falls have clearly pushed some homeowners into a valuation trap: their mortgage is now higher than the value of their property. According to the Council of Mortgage Lenders, there could be 580,000 of these, mostly first-time buyers. Wrigglesworth puts the figure at 1m. These are the "can't sell" group, members of which will have to wait until prices rise.

At present, the experts' consensus is that it will be mid- to late 1993 before there is any real growth in

house prices. Lloyds is forecasting a nominal price rise of 8 per cent; the Woolwich puts it at 4.3 per cent. By then, buyers will have gathered enough courage to re-enter the market and the backlog of unsold houses should be cleared. After that, house prices should respond to more "normal" market forces of growth in incomes, inflation, and new supply: long-term, the rises in the UK have averaged at 3.5 per cent per annum.

However, two new factors will tend to dampen growth in house prices. The first is Britain's membership of the European exchange rate mechanism. In the past the UK's relatively high inflation rate during booms has contributed to housing's appeal as an investment. This is because inflation simultaneously erodes the real value of mortgage debt while pushing up nominal incomes and house prices.

Membership of the ERM is expected to bring lower inflation rates and, in due course, more stable and lower interest rates. "We will still see housing cycles, but with inflation being less rapid it will not fuel such rapid price rises so the peaks won't be quite as high," says Martin Ellis.

The second dampening factor involves demographic trends; specifically, the UK's ageing population structure. The "baby boomers" of the 1950s and early 1960s provided a bulge of first-time purchasers in the 1980s. They are now on the downturn, although the rate of household formation is not likely to slacken until the second half of the decade.

In addition, the number of elderly people who are owner-occupiers is also set to rise sharply, and with them, the number of houses inherited. About two-thirds of these properties will be sold almost immediately, increasing the supply of houses available. However, it is estimated that only 20 per cent of the beneficiaries will spend most of the proceeds on property.

Taken together, all these factors point to a pattern of steady, unspectacular growth in house prices: lower peaks and less painful lows.

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2 exceptional roof gardens and various balconies. 2 garages with adjacent cellars.
Mooring for a boat in Cannes Marina.
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Grasse, South of France
Grasse 5 km, Cannes 25 km, Nice International Airport 30 minutes.
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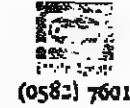


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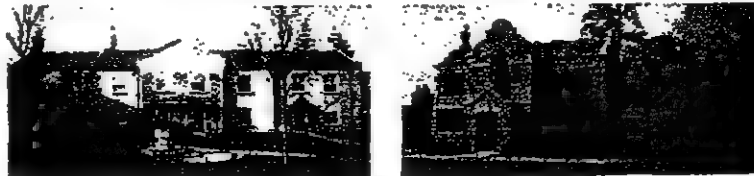
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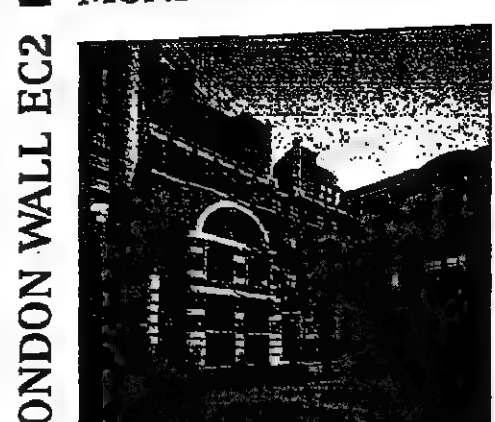
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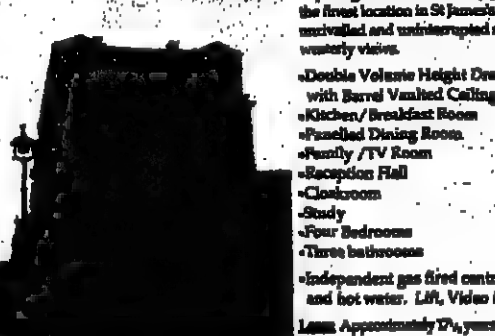
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PROPERTY

Storing some Welsh energy

David Hoppit on a project that is part of the garden festival in Ebbw Vale

THE MILLIONS who will tramp through the 162-acre of Garden Festival, Wales, in Ebbw Vale during the next five months will, among other things, see three of the most energy-efficient houses in the land.

A mountain of more than 1.5m cubic metres of toxic slag from the valley's steelworks has been removed giving local residents an extra half hour of daylight. Good earth now replaces the slag, host to 300,000 trees, half a million shrubs and countless bedding plants.

Ironically, British Steel (the cause of the original chronic pollution), is building one of

the three houses in Green Street. British Gas is building another. The most efficient is the Catnic House, built by Custom Homes, based in Redhill, Surrey, a company that specialises in energy efficient timber-frame homes for self-builders.

All three houses score above nine out of 10 in the government's new energy scale, well above the present minimum building regulation standard.

The Custom Homes house scored 9.7 on the energy scale, achieved with 6in of insulation in the walls and 9in in the roof. Numerous other features – double-glazing, low-emission glass and a heat-recovery unit – have all contributed to make this a home that is snug without fuff.

Christopher Heath, managing director, says: "The extra cost involved in achieving this high efficiency

was relatively small, below £2,500, when compared against the normal price of £123,000 for a home of this size."

Energy efficiency has become a significant factor in house-building. For decades the UK has lagged behind Scandinavian builders, but now the new British home can at least hold its own. The movement towards energy efficiency is an urgent one. Well over half the carbon

dioxide emissions are the result of domestic use; a reduction is vital for our survival.

Central heating alone produces more than 50m tons of carbon dioxide each year. Most house-builders continue to emphasise what the industry calls "kerb appeal" – that is, houses that look good to go home to. Companies such as Laing Homes and Admiral Homes are leading the way

among volume builders in providing homes that have kerb and wallet appeal.

Admiral was the first to achieve a remarkable maximum energy efficiency rating of 10 with one of its houses; a fine achievement but (like the skating champion who scores six out of a possible six) one which leaves no room for improvement. Tours of homes in Scandinavia leave me with the impression that there

is still room for greater efficiency – so the ludicrous situation of builders scoring 11 out of 10 could soon be with us.

Laing Homes is to be congratulated for its "green" initiatives in Cheam, London. Facilities at Cheam include bottle banks, water butts for irrigating the garden, low-energy lighting in the flats and communal areas. Not only do the flats at Woodland Rise achieve an energy efficiency

score of 9.9, but residents also receive a copy of environmentalist Jonathon Porritt's book *Save The Earth*.

Martin Laing, Laing Homes chairman, who is also UK chairman of the Worldwide Fund for Nature, has given environmental practice notes to his staff, suppliers and sub-contractors, covering such items as company cars and CFCs. The company builds predominantly on "brown" land: land which has already been built on. As many trees and hedges are retained as possible.

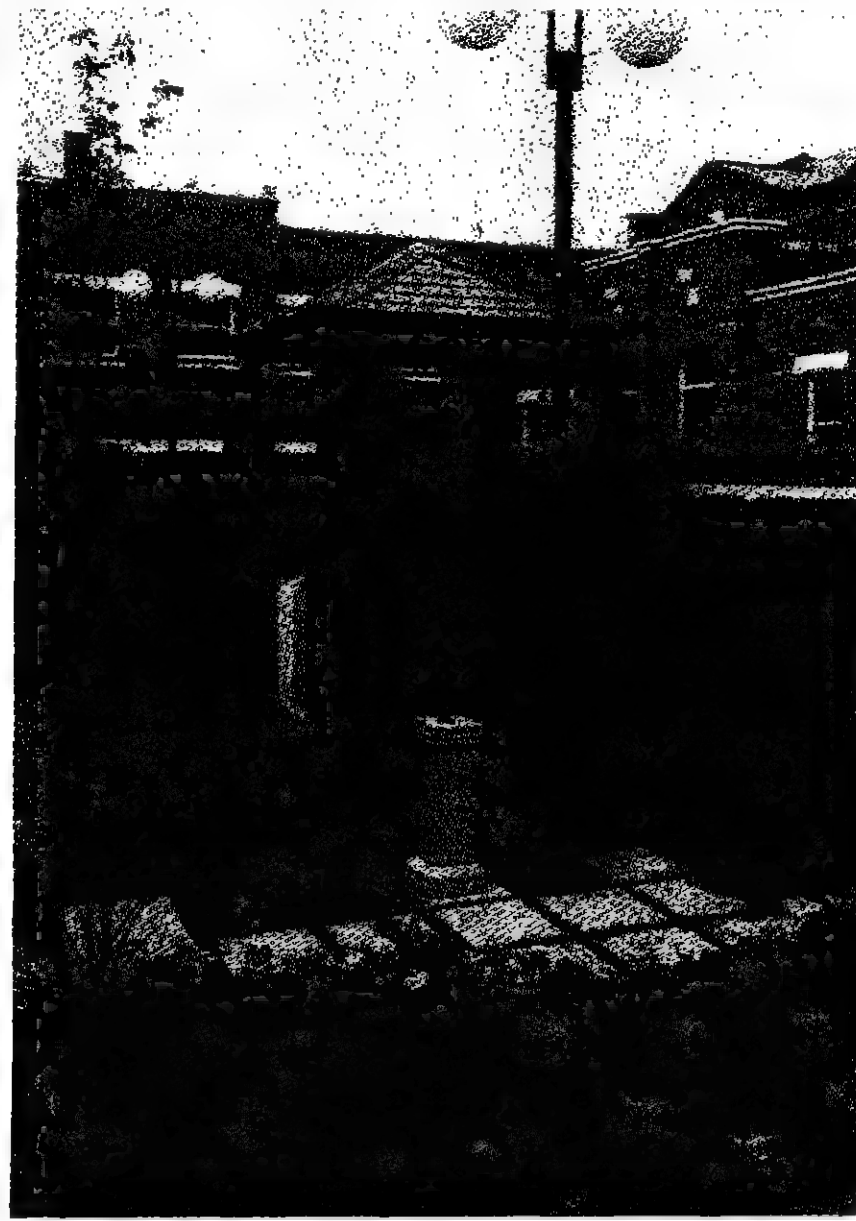
The Cheam flats cost from £46,000. At that price, many potential buyers may be green with envy.



Fulham offer

THERE ARE still homes for sale at Stewart-Usborne Developments Marryat Square site in Fulham, London, SW6 (pictured above and right). Some 60 homes have been designed around two landscaped squares, of which 28 are already sold. The square, on the south side of Munster Road off Wyfold Road, is within walking distance of Parsons Green Underground station.

Completed last summer, asking prices have been pegged at the level at which they were marketed in spring last year. They go from £86,000 for a one-bedroom garden flat to £246,000 for a three-bedroom house. Kitchens are fully-fitted. There is an entryphone for flats and burglar alarm systems in all properties, which are on a 999-year lease. Sole selling agents are Wellingtons (Tel: 071-781-4448).



Homes for hedonists

AROUND of golf, a few sets of tennis, or perhaps a game of squash, followed by a swim, a massage, a hair-do and a gourmet meal – that is the lifestyle offered at one of England's leading developments; and all without leaving the front gate.

The Americans call it a total leisure concept; that is to say, homes that are built within a secure environment with their own gardens but with shared facilities for all the popular leisure activities.

The building and running costs of even a swimming pool or tennis court put them beyond the reach of many home buyers; a private golf course is too expensive for most millionaires. The answer, therefore, is communal facilities.

Pre-war builders of the golf course and houses at St George's Hill, in Weybridge, certainly had the right idea, but until now very few developers had the courage, or the funds, to build a private golf course for their home buyers.

Hubert C Leach, developer of Hanbury Manor, close to Ware, in Hertfordshire, has turned the old manor house (a former convent) into a splendid hotel and leisure club, with views across a lake and 200-acre parkland and golf course. Nearby the company is building mews houses and a number of large Jacobean-style houses, the latter costing from £500,000; the smaller homes start in price at £180,000.

All buyers receive membership of the leisure club, but those fortunate enough to be able to afford one of the big houses get golf course debenture as well.

Not every development has sufficient room for a golf course, but many do have space for swimming and tennis. Cala Homes (South) recently completed Greenhurst Park, close to Dorking, Surrey, is a development of flats within an old man-

sion and large houses in the grounds. Owners have shared use of many facilities, including an indoor pool, gym and tennis courts.

Croude Homes puts strong emphasis on the "green" elements within its Richmond Park Heights development, at Kingston Hill, where there are nine acres of woodland and gardens. Focal point is a beautiful 42-foot swimming indoor pool. There are 42 homes costing between £195,000 and £248,000.

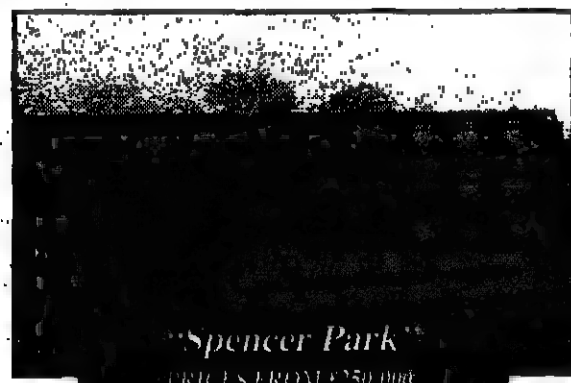
Luxury and leisure should not be available for only the wealthy, however, at least that is the philosophy of Fairbairn Homes and Charles Church, both of which

David Hoppit looks at the luxurious lifestyle offered by several new developments

have developments aimed at the less-affluent buyers.

Church's flats in Kingsmead, in High Wycombe, Buckinghamshire, provide a secure inner garden, and a pool and leisure centre. Flats, which have views of river and woodland, cost from just under £55,000 to £98,950.

On an awkward corner site in Purley Fairbairn Homes has built its French Apartments, looking away from the busy main road. There are tranquil gardens, blessed by a stream, and cars are hidden in a covered park giving more space above for a recreation area with a barbecue and a bowls pitch. Residents also have shared use of a small gymnasium. Prices of flats at Purley are between £73,000 and £128,000.



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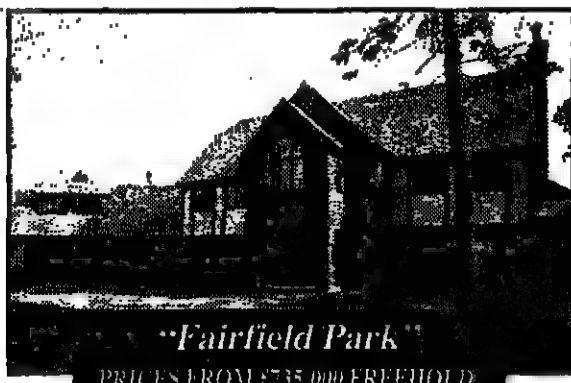
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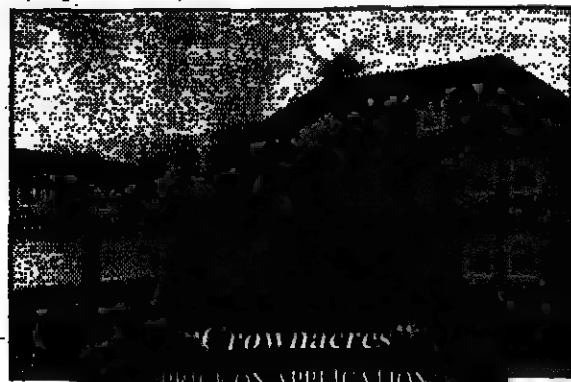
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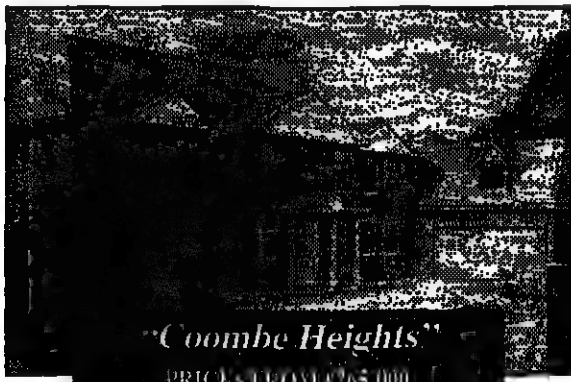
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PRICE FROM £765,000

Coombe Hill, Kingston, Surrey

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■ Luxurious fully fitted kitchen/breakfast room.

■ Five bedrooms each with en-suite bathrooms and built-in wardrobes.
■ Leisure suite with spa bath, sauna, fitness area and shower room.

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PROPERTY



Turning back the clock: Holland Park Mews where one of the cottages has been converted into servants' quarters as part of the redevelopment of 50 Holland Park

From servants' quarters to luxury homes and back

David Hoppit looks at the market for mews cottages in London

THE HUMBLE London mews cottage, cheaply built, poorly lit and with primitive sanitation, has mirrored the changing patterns of home ownership in the capital.

When they were first built they were mean little dwellings, with no windows at the rear lest the family in the big house should feel overlooked. Infant mortality in the mews was twice as high as in other streets.

Most of the 12,000 mews cottages in London were built in the 19th century, providing outbuildings, carriage garages and servants' quarters to the big houses bought from speculative builders by wealthy traders.

East London was inhabited

entirely by the poor, where prevailing winds wafted the smells of Victorian life, so most mews cottages are in the west. Not that the occupants enjoyed a high standard of living. Ragged children, unspeakably close encounters with primitive sanitation and visits of turbrids clearing steaming mounds of "rose fertiliser" were the daily scenes.

The size of the mews reflected the size of the main house. A really successful man would possess a phaeton, or landau, with a landaulet or brougham for his wife: a two-carriage family.

Many a mews became little more than stores and workshops once their original purpose ceased. Cars replaced horses slowly in the capital,

but in 1896 the law requiring a car to be preceded by a man with a red flag was abolished and the speed limit was raised to 14 mph (oh, to be able to drive so fast now). Dobbin's days were numbered.

The cottages have come a long way since they housed the coachman, footman, groom, horses and fodder; most of the big houses have been converted into flats, the mews being sold off separately, some for £1m or more.

However, there is a growing demand from international billionaires for large London houses with accommodation for chauffeurs and butlers and stabling for Rolls-Royces.

A perfect example of the clock turning back is at 50 Holland Park, a grand house con-

verted back from flats on the ground and lower floors, with an enchanting mews cottage immediately to the rear, separated by a tranquil courtyard garden and conservatory.

The Victorian mansion has a floor area of more than 6,000 sq ft, with at least six bedrooms; the mews has a garage at street level and a large studio above, greatly improved by the windows added to the rear.

The price of just below £2m suggested by Aylesford with Savills is by no means excessive by London standards.

Mews cottages appeal to the romantically inclined; often they have been customised to owners' preferences. The trouble is that new owners then want to change everything; so money spent on interior design

is seldom recouped.

The owner of 24 Jay Mews, a semibreve from the Albert Hall, spent a fortune converting the little house in the best possible taste. It will be a tragedy if someone clips it all out, but it could happen. The moral is: do not spend money on home improvements unless you are going to enjoy them yourself.

The cottage has three bedrooms; its features include a two-floor conservatory and a little roof terrace, giving an illusion of great space. Aylesford with Chesterfield give a price guide of £465,000 - probably not a lot more than the previous owner spent on the elaborate conversion work.

One of the London's most extraordinary mews houses is

a flooded imitation Roman temple - actually a swimming pool with the mock temple built of Bath stone.

The owners of 50 Reeves Mews, in Mayfair, overcame the mews' lack of internal light by building an elliptical skylight. The three-bedroom house is full of surprises, hence the rather high guide price of £1.75m which Chesterfield, with Sotheby International Realty, places on it.

Mews property became so popular a few years ago that French-born Antoine Lutot started his own agency, Lutot Brand (now trading as the London Mews Company), specialising in the little houses.

"When I started the business I toured London on my motor cycle getting to know every

mews - some people got rather suspicious," says Lutot. "Now we have mews cottages to suit most pockets, ranging from £65,000, for an admittedly rather short lease, up to £2m for a very large cottage in Mayfair."

Barnard Marcus is another agent with a good crop of mews homes at present. A neat three-bedroom home in Logan Mews, Kensington, with generous living space instead of a garage on the ground floor - off-street parking is possible - is on sale at £360,000.

Rather cheaper, at £208,000, is a two-bedroom home in St George's Square Mews, described as one of Pimlico's quietest cobbled backwaters.

There is a garage and a balcony at a cottage back in Hol-

land Park Mews. John D Wood is selling the three-bedroom home in this quiet, cobbled mews with a guide price of £445,000.

David Forbes, of Chesterfields, says London's mews homes have special appeal to people whose main residence is in the country.

"They like the peace and quiet of the mews and also the security that the lack of access from the rear usually gives; the rising popularity of the mews is directly in proportion to the growth of the parking problem in London," he says.

Chesterfields recently sold a mews house to a man who lived nearby, simply on the strength of the garage space available for five cars. The mews has come full circle.

An amusing mews: 50 Reeves Mews, Mayfair, contains a mock Roman bath

LONDON PROPERTY

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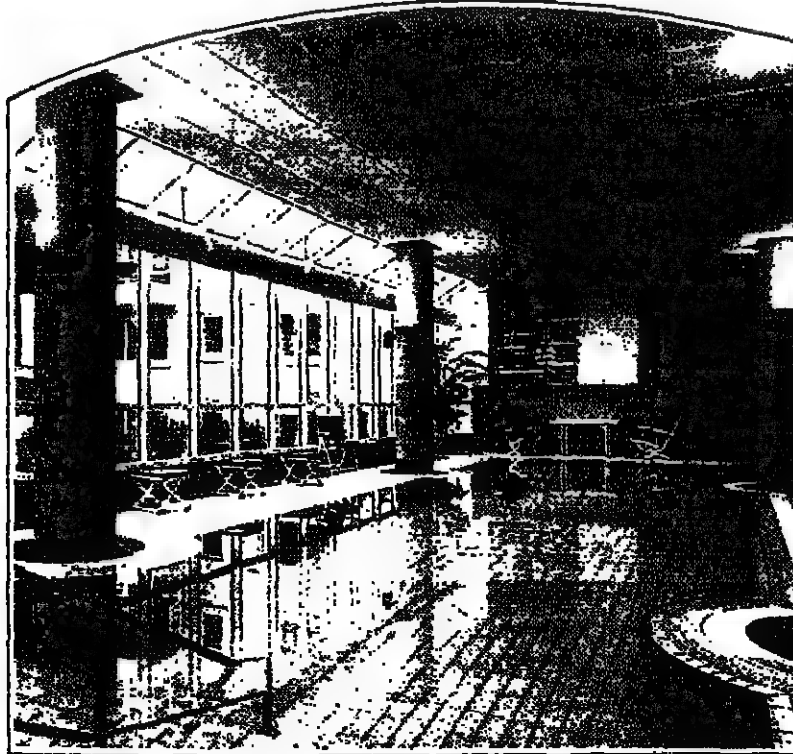
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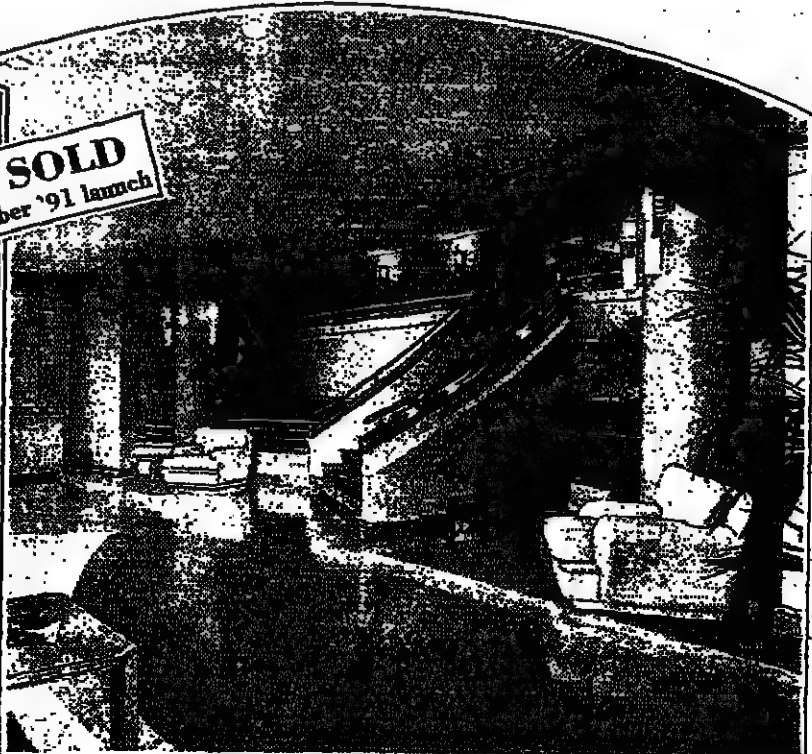


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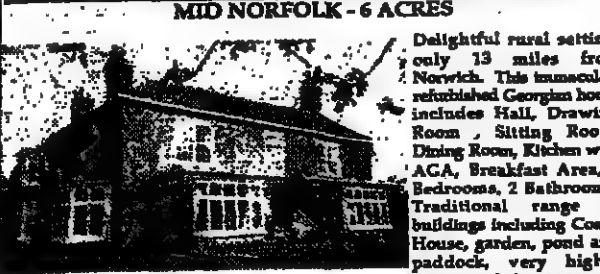
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BLAZER COURT, St John's Wood Road, NW8. Prices from £149,500 to more than £750,000. Show Apartments open 10am-6pm, 7 days a week. Call 071-266 2349 for further details. A development by Abbey National Homes.
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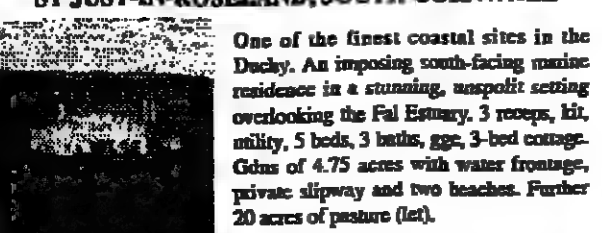
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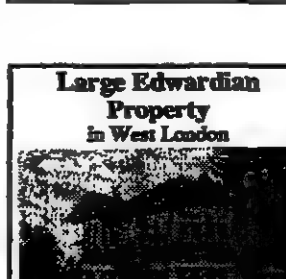
LONDON SW1



A superb 44 year leasehold house in the heart of Belgravia in immaculate condition throughout. Entrance Hall: Reception Hall (Drawing Room): Dining Room: 4 Bedrooms: 3 bathrooms (3 on suite): 2 Bathrooms: Kitchen/Breakfast Room: Large Root Terrace: Library: Car central Heating and Hot water: Storage Room and Cellar: Video Library: Security System: Partial Abandonment: Separate Garden Plot: £1.15 million

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SOLE AGENTS

SYDNEY STREET, SW3
A charming four bedroom house which has recently been the subject to extensive restoration.
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A charming Regency period house in generally good decorative order. There is also the benefit of a south facing garden.
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An exceptional family family maisonette with views over the River Thames and private walled garden.
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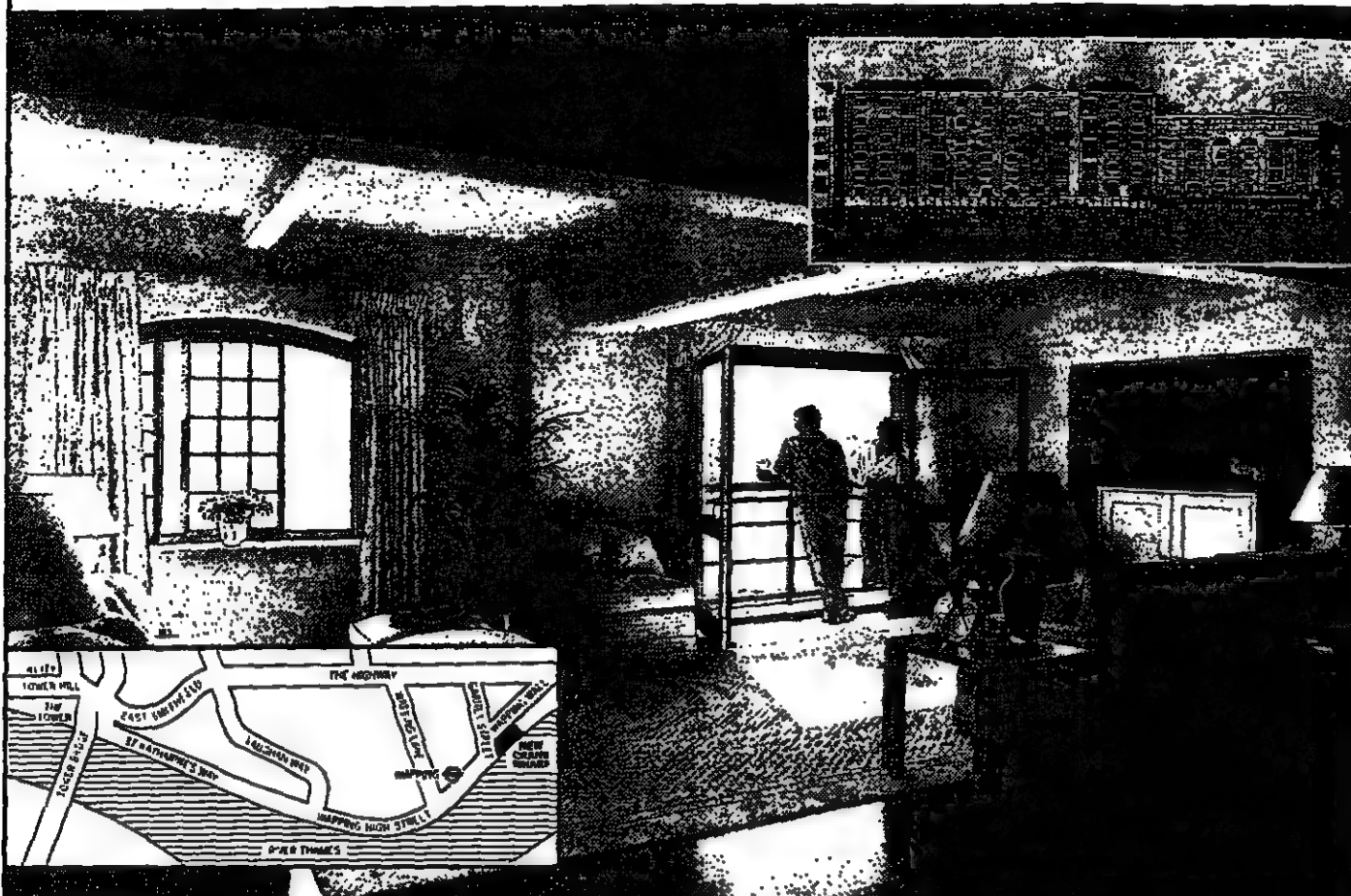
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Example	Was	Now
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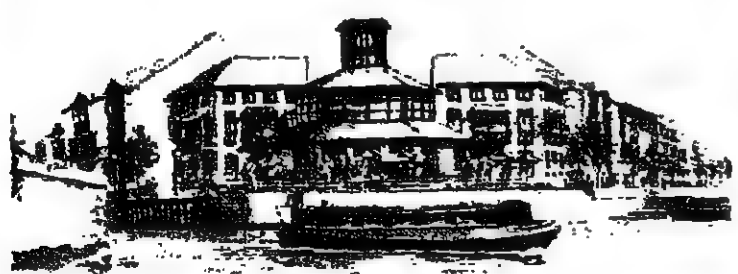
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PROPERTY

Devon's cream on sale at a reduced price

From cottage to estate this is a good time to buy in wild and beautiful Devon, writes David Hoppit

DEVON is a county that rewards exploration on foot or on horseback; its lanes, fashioned more for cart than for BMW, are ill-suited to cope with the 3.5m tourists who migrate there each year.

The county's coastline reflects a relentless, losing battle with the Atlantic and the English Channel: ghostly remains of the fishing village of Hallsands, near Salcombe, are testament to the unequal struggle.

Inland, above the fertile and tranquil river valleys, two features dominate the county: Dartmoor, 365 square miles of ancient granite and gentler Exmoor, 265 square miles with three "turrets". Withypool Common, Winsford Hill and Exmoor Forest.

It can be wet on Dartmoor: 100 inches of rain a year, more than three times more than on the south coast. Exmoor usually has a more benign climate, although a freak storm in 1982 caused the devastating flood in Lynmouth, killing 31 people and destroying 100 houses and 28 bridges.

Lovers of these great national parks ride or stride across them. The really adventurous journey round the entire boundary, earning the title "bounders" - not a task for the faint-hearted.

The decline of mining has left tourism and agriculture as the county's main sources of income. Visitors spent £31m in Devon last year.

The journey by road and rail is fast and easy; you really know the holiday has started when the train thunders alongside the beach at Dawlish, "birthplace" of Nicholas Nickleby and favourite holiday spot of Jane Austen.

For many, the call of the west goes louder with each passing holiday; soon local estate agents will be bracing themselves for this year's round of "agent-baiting" - people, bored with the beach, who are "thinking of buying a holiday home". This year they will benefit from prices that have fallen by as much as 45 per cent from the highs of four years ago.

There is now something for most pockets but the stuff of dreams does not come cheap. The county has more than its share of retired people, many of whom choose a cob cottage with a thatched roof and a stone plinth - "a good hat and a good pair of shoes", as the locals



The village idyll: One of Devon's attractive corners

would say. At the last count 22.6 per cent of Devon's population was above retirement age, compared with the UK average of 18.4 per cent. The figure would be higher if Plymouth were discounted: a quarter of the population lives there.

At the last census in 1981 the number of second homes owned in Devon was 4,647, a rise of about 1,500 on the previous decade; and the number of holiday letting units was 8,172. These figures rose sharply in the boom years of the 1980s but it will be a few months before the exact number is published in the new survey.

Devon is the third largest county in the UK. Its property opportunities are many and varied. But all categories have suffered in the recession. Tim Burrage, of Stags, reports a quickening of the market after a quiet winter, although most interest was for town property.

"The country property market does not get into full swing until the early summer, but the market is likely to remain sluggish until we have some encouraging economic news and an end to forced sales and repossession," he says. Curiously, falling house prices in counties closer to London have damaged

house sellers' prospects of achieving good prices in Devon.

James Wilson, of Wilson and Wilson, a company that specialises in finding property, says: "Buyers who hitherto looked at Devon can now afford to buy in places that were formerly out of reach - counties such as Dorset, Hampshire and Gloucestershire."

However there are signs of life in the Devon housing market. Neil McClelland, of Gribble Booth and Taylor, reports a "storming start" to the year, particularly at the lower end; and Andrew Viner, of Viner Carew, has also seen an

increase in inquiries and viewings, although most sales are still to first-time buyers. Hambro Countrywide also reports an increase in activity.

According to West Country House Search, based in Sherborne, the past 12 months alone has seen a fall in prices of around 25 per cent; it is, says the company, a good time to seek out that holiday or retirement home.

For those keen on equestrianism there are many tempting properties on Dartmoor and Exmoor.

Millerson, a new company formed by Geoffrey Miller after his own Cornwall company was absorbed

Devon factfile

Area: 2,581 square miles. Population: 1,030,500. Community charges: lowest (Torriford) £202; highest (Torbay) £395. Access to the countryside: More than 3,500 miles of footpaths and bridleways. Unemployment: Now 47,005 (8.9 per cent of working population). Administration centre: County Hall, Exeter (0392-382000). Sample towns, with distance from London, fastest travel time by rail and price of a day return ticket (1st class in brackets) and house price minimums by Hambro Countrywide (1 = two-bedroom starter; 2 = three-bedroom semi; 3 = four-bedroom detached; 4 = country house with paddock): Exeter: 189 miles; 130 mins; £86 (£114); 1. £43,500; 2. £85,000; 3. £95,000; 4. £250,000. Plymouth: 211 miles; 180 mins; £88 (£110); 1. £38,000; 2. £55,000; 3. £90,000; 4. £225,000. Torquay: 189 miles; 160 mins; £76 (£118); 1. £40,000; 2. £54,000; 3. £80,000; 4. £240,000. Sidmouth: 162 miles (fares as Torquay); 1. £62,000; 2. £82,500; 3. £92,500; 4. £275,000.

into Hambro, specialises in property on Dartmoor and by the Tamar, the river that separates Cornwall from Devon and the rest of England.

He showed me a farm house with 19 acres close to Lifford, nine miles from Tavistock, with views that would have been amazing had the previous owner not erected an ugly (and definitely removable) modern barn. There were also some fine traditional stone outbuildings; offers around £300,000 were sought last year but a more realistic "over £200,000" is now suggested.

Millerson also handles Maryestow Cottage, near Chillaton, a bright modern home built on the site of a cottage that was destroyed by fire. Again the views would make a city stockbroker's heart stop, and equestrians will drool at the traffic-free lanes and bridleways that abound there. The price guide is £285,000 but, as with all Devon property now, try an offer.

Stags, which has a wide range of property from little cottages, such as one for £45,000 at Halberton, near Tiverton, up to large estates, has several interesting equestrian properties; not least is Weatherham Farm, close to Dulverton, on the Devon/Somerset borders. Again some work is required, but with 12 acres, outbuildings and an annex this house, with its access to Exmoor and magnificent riding, will not stay long on the market. A price guide of £230,000 is given.

Several of the properties had that essential feature - a trout stream. Typical of the Devon house is

Lower Northcott Farm, thatched, with 12 acres close to Cullompton. A price of £320,000 is sought. My choice for star billing was a magnificent 14th century house three miles from Dulverton, perfect except for some rather modern roof tiles; it has 14 acres on the very edge of Exmoor and a price of more than £400,000 is sought.

Strutt and Parker has just sold two cottages, one buyer believing that the market had reached its lowest point; he intends to let the property for two years after which he will retire there. Dunstford Mill, at West Anstey, on the southern fringe of Exmoor, with 29 acres and a barn with planning consent, had a price guide of £200,000. Cubby Close, a Grade II cottage on a long National Trust lease, in the Culm Valley, had been offered for about £185,000.

There is everything the rider (or walker) could desire at Budge Farm, at Lustleigh, including direct access to the moor at Lustleigh Cleave. The early 19th century house also has that other essential - a cellar. There are 20 acres, with indoor and outdoor schools, stables, outbuildings, a coach house and thatched booby. Knight Frank and Rutley suggests £350,000.

If you tire of mucking out and yearn for harbour views, with no garden to worry about, there is Harbour Side, a charming little cottage in Hope Cove, near Kingsbridge. Marchand Pett recently reduced the price of this little two-bedroom bolt-to £26,000.

COUNTRY PROPERTY

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The Hall - Brockhall - Northants

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Highly productive Sitka spruce now coming into production and capable of realising substantial revenue flows from 10 years time to maturity in approximately 20 years. Recently refurbished 3 bedroom cottage. Sporting rights including deer stalking and trout fishing on 7 lochs. £890,000

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Idyllic location in 14 acres of meadow and woodland, former gamekeepers cottage with long drive. Entrance hall, drawing rm, dining rm, 4 beds, dressing rm, 2 baths, etc. Modern stabling, paddocks, outbuildings, etc. Formal gins. P.P. for conversion of original coach house/stable. Guide price £315,000.

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Kingsbridge 3 miles

A fine 17th century house with exceptionally adaptable layout in an idyllic edge of village setting.

Reception rm, 4/5 rms, 6 beds, two baths, shower rm, 6,500 sq ft of traditional bldg currently in light industrial use but with pp for 4 dwellings. 2,000 sq ft of modern bldg. Superb walled garden and paddocks. 5 acres.

Price £335,000

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LINCOLNSHIRE, Grantham

Imposing Gr. II Manor House 2 acre plot, rural aspects, Hall, Chm, 3 Reception, Playrm, Kt, Ut, Store, 4 Dbl Beds, 2 Bath, Grp, L/Broom, Dovecote with pp for Granary Ann.

Price £250,000

London Kings Cross app. 1 hr.
GOLDINGS, 45 High Street, Grantham, Lincs. (0476) 590211

PROPERTY

Tee time for millionaires in spacious Provence

ROBERT Trent Jones, the world's most prolific designer of golf courses (he has more than 500 courses to his credit) bought 2,500 acres of beautiful countryside in the south of France, outside Vidauban in Provence. That was about 20 years ago.

He wanted to build Europe's largest golf resort, where he could ensure that the best land would be used for golf. As he knew from experience: "Developers too often want to take the best land for housing, and leave the dregs for the golf course."

Les Domaines de Vidauban, 15 miles inland from St Tropez and St Maxime, in the foothills of the mountains of Maures, is now taking shape. It will be not only Europe's largest but also its most expensive golfing resort.

One of the first buyers of a £2m villa, Alain Prost, the former world motor-racing champion, has been made president of the Golf Club even before the first of three 18-hole golf courses is completed this autumn.

Robert Trent Jones, now 85, has undertaken the design and construction at Les Domaines de Vidauban with his elder son Bobby. Bobby has 130 courses to his credit, including the new one at Wisley, Surrey.

Though Robert Trent Jones bought the land at Vidauban with the help of Jaime Ortiz Patino, a Bolivian tin magnate, they decided not to undertake the £500m development themselves. They brought in Pierre Schnebelen, who developed the ski resorts of Tignes, Val Thorens and Val d'Isère. Schnebelen has been building international resorts for 30 years, but this is his largest project.

At Les Domaines de Vidauban, he is associated with Malik Benchehbi, of Foncière Malbe in Paris. Other backers include the French hotel group Accor, Interconstruction, the firm of contractors which built the Grand Arch at La Defense,

Paris), and the Dolner group.

In addition to its three challenging golf courses, Les Domaines de Vidauban will have six hotels, 225 shops and restaurants, a tennis ranch with 40 courts, a polo centre, two artificial lakes for water sports, botanical gardens, parkland, and three villages with a total of 2,000 villas and apartments.

The first championship golf course, with wide, lush fairways threading through the elegant umbrella pines and cork oak of this part of Provence, will be ready for play in September 1992. The second course will open in 1993, the third in 1994. Accor, whose managing director, Sven Bolnet, was French amateur golf champion, will open its first four-star hotel in 1993.

Michael Hanson on a golf-course development in the south of France

Showhouses in the first of the three villages are for sale at prices ranging between £200,000 and £500,000. More than 60 of the 750 villa plots around the golf courses have already been sold; on these, houses will be built which will cost from a minimum of £500,000 for half an acre, up to £4m for eight acres.

Many of those who have already bought villa plots are industrialists with businesses in Sophia Antipolis, the decentralised commercial centre about 25 minutes from Vidauban. It can take between one and two hours to get from Nice or Cannes to Sophia Antipolis in the summer - which is why one German industrialist, who has had a home in the town for 15 years, took only two days to decide to spend £1.3m on a villa at Vidauban.

Pierre Schnebelen says: "One of the

great surprises is the number of people who want to live here all year. Our average price of property may be \$1m, but for \$1m here - which is the price of a small apartment in Nice or Cannes - one can get a villa with a swimming pool and half an acre of land."

International businessmen are likely to be attracted by the fact that you can get to Vidauban on the A8 motorway from the airports at Nice or Marseilles in less than an hour, or from Toulon airport in 15-20 minutes.

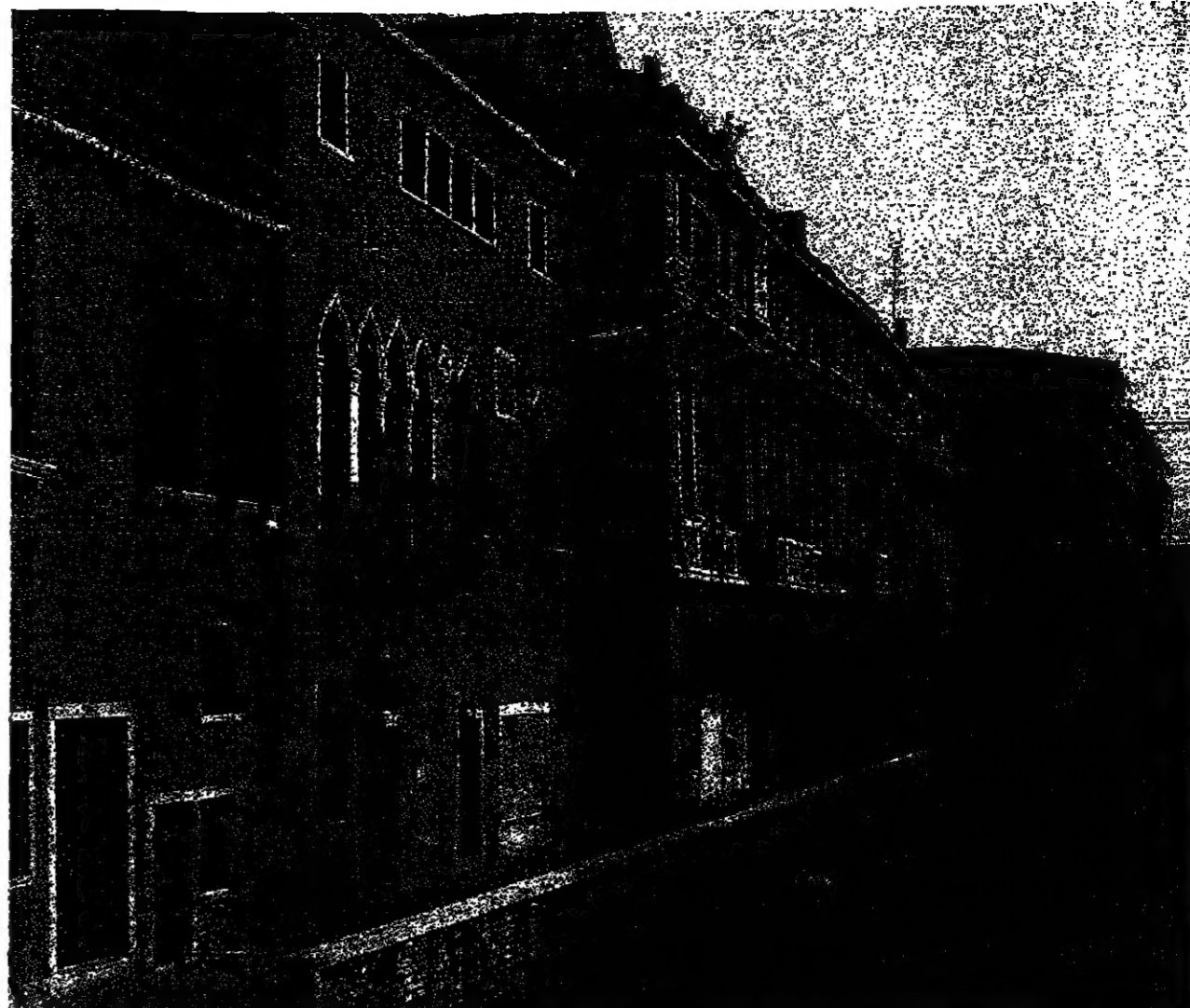
"We are targeting the buyer who wants to play golf on a Robert Trent Jones course, dine in St Tropez, anchor his boat in Port Grimaud, spend a day on one of the beaches at Rampeigne, ride on horseback through the Maures mountains, enjoy almost Californian spaciousness and yet be only a few minutes away from the motorways and the airports," says Schnebelen.

At present there are more than 300 golf courses in France, 100 more are being built, but the French Golf Federation says that more than 500 new courses are needed within the next five years to satisfy the demand.

Schnebelen and Benchehbi (of Foncière Malbe) see Les Domaines de Vidauban becoming the golfing capital of Europe, attracting those who go now to the Costa del Sol in Spain or the Algarve in Portugal.

Robert Trent Jones says: "When finished, Vidauban will rank high among my finest works, from the standpoint of marvellous golf courses as well as unparalleled facilities for the combination of golf and business."

Les Domaines de Vidauban has a sales office on site (telephone 010-33-94-7355-87). The agents in the UK are Don and Catherine Law, of Guildford, who specialise in the sale of property in France under the name Le Cl (telephone 0483-88846).



Case Tallini, offered for sale at £2.2bn lire (£396,000) is a three-bedroom house with two other apartments attached, in one of Venice's quieter areas. Agents Sotheby's International Realty 071-493-8020 say it is a house for Venice aficionados.

WOULD A home in a Venetian "palace" with your own private office wing, be of interest?

After four years of selling London's Docklands as a smart place in which to live, Knight Frank & Rutley partner Stephen Miles-Brown is now offering property in Venice, which he sees as an area worth watching. Lord McAlpine and other British businessmen already have homes there, he points out.

Venice and Docklands, he says, have some things in common. Both were important trading centres. Both have tall, flat-fronted old buildings looking on to water. Each has an airport close at hand.

The old buildings that became fashionable housing in Docklands were originally

Focus shifts to Venice

warehouses. In Venice what

are offered are more likely to be important mansions. For example, on sale is the principal part of Ca' Lipomano, a 17th century palazzo. The property is on the island of Zattere and overlooks the Giudecca canal. Little has been done to the exterior but the interior has been restored.

There is a ground floor entrance hall with staircase and private lift. The main section is the second floor apartment, with its high-ceilinged rooms, stucco work, inlaid

doors and frescos.

A 32 ft reception hall/dining room leads into the drawing room, formerly the ballroom. There is a second reception room/music room. Doors at either end of the apartment open on to balconies looking towards canals.

There is a study/bedroom, two other bedrooms and bathroom, kitchen, further rooms and staff flat. The property has a walled garden leading to a water gate and private quay on a small canal, the Rio Ogisanti. A three-storey, 3,600 sq ft

office wing has been built in the garden. It can be reached from the main building or from the water gate.

Frank Bonfanti, director, market and sales development Europe, for Kellogg, who is selling the property, says that as the wing is modern and not listed, a buyer might prefer to use it differently. It could, for instance, be redeveloped into five small apartments, with a roof terrace.

Bonfanti and his brothers inherited Ca' Lipomano but have had to sell its antique furniture to pay death duties. They are reluctantly disposing of the property.

Knight Frank & Rutley (071-894-8171) is seeking offers over £2.57m.

Audrey Powell

A guide for exiles in France

PROMPTED by the increasing demand for information about life as a resident in France, the French Chamber of Commerce in Britain has published *Living as a British Expat in France*. Its contributors are specialists in their subjects and most have experienced life as exiles.

What the expert will certainly need, the book's authors

emphasise, will be documentation, patience and a sense of humour, plus plenty of passport photographs, translations of birth and marriage certificates and evidence of divorce if applicable.

Keep travel tickets or, in some way, ensure that you have evidence of your date of arrival in France. Proof of employment may be required and so will stamped addressed

envelopes.

There is a section on how to go about renting or buying a property. French legislation on rentals has changed in the last decade and the law is reasonably protective of tenants. There is information about employment rights, taxation, the French health system, insurance and education.

The final section deals with retiring to France, with special

reference to tax implications.

The French Chamber of Commerce in Britain previously produced books on *Buying Residential Property in France*, and *Setting up a Small Business in France*. £10, inc. p & p, 84 pages, from French Chamber of Commerce, 197 Knightsbridge, London SW7 1RE.

A P

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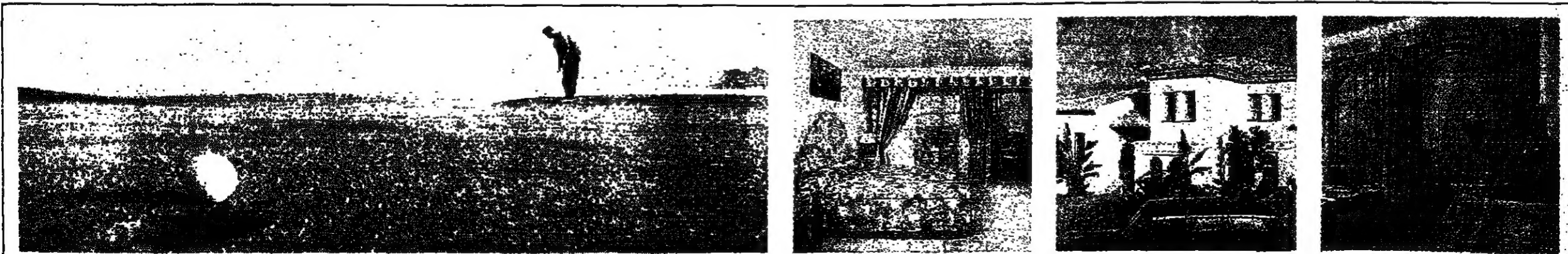
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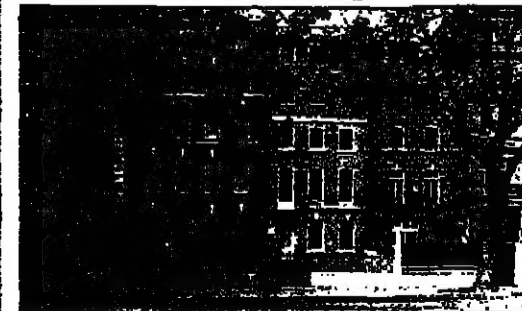
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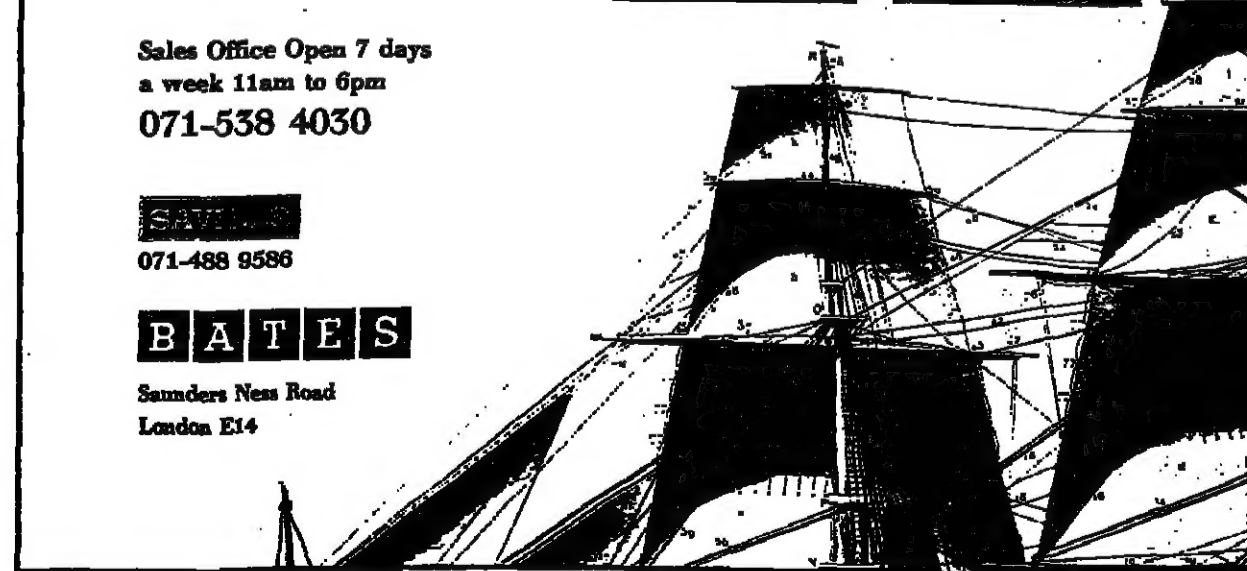
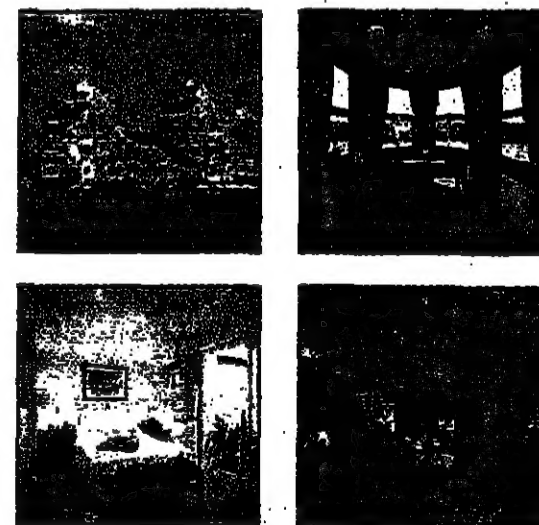
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